University; 3 years' service in the Counter Intelligence Corps during World War II; Coquille city attorney and later city council member; president of West Coast Title Co.; in house for three terms.

Robert W. Chandler, Bend: Newspaper editor and publisher; graduate of Stanford University; served in the Counter Intelligence Corps during World War II; has had news and business experience with the Denver Post and United Press International; now publishes the Bend Bulletin and has an interest in the La Grande Observer and other publishing properties.

Alfred T. Goodwin, Salem: Associate justice of the Oregon supreme court; graduate of the University of Oregon; was in private law practice in Eugene from 1951 to 1955 when he was appointed to circuit court bench; his appointment to supreme court was in 1960; served in Army infantry, 1942–46.

Stafford Hansell, Hermiston: Farmer, stock grower; attended Montana State University for 3 years and graduated from Whitman College; is associated with a brother in a large scale swine growing operation; has served three terms in the House.

Robert D. Holmes, Portland: Public relations consultant and television moderator; attended University of Oregon; served two terms in the State senate and was Governor of Oregon 1957–59.

Donald R. Husband, Eugene: Attorney in private practice; graduate of the University of North Dakota and the University of Oregon; served two terms in the House and has served two terms in the Senate.

Mrs. Esther D. Lewis, Portland: Housewife; graduate of Reed College; she was active in the Oregon League of Women Voters and was chairman of its State committee on constitutional revision from 1958 to 1961.

Hans A. Linde, Eugene: Professor of constitutional law at the University of Oregon Law School; graduate of Reed College and the University of California and member of the Oregon bar; in U.S. Army from 1943 to 1945; law clerk to U.S. Supreme Court Justice William O. Douglas 1950–51; attorney for the U.S. State Department 1951–53 and legislative assistant to U.S. Senator Richard L. Neuberger, 1955–58.

Thomas R. Mahoney, Portland: Attorney in private practice; graduate of Christian Brothers College and Northwestern College of Law; in the U.S. Army infantry, World War I; serving his fifth term in the State senate.

Walter J. Pearson, Portland: Insurance broker; graduate of the University of Oregon; has served two terms as a State representative, one term as State treasurer, and three terms in the State senate; former president of the State senate.

Herbert M. Schwab, Portland: Circuit judge; graduate of Northwestern College of Law; in the U.S. Army 1941 to 1946; in private practice of law in Portland 1946 to 1959 and on the Portland school board 1954–59; appointed circuit judge in 1959.

Charles A. Sprague, Salem: Editor and publisher of the Salem Oregon Statesman; graduate of Monmouth College, Illinois; assistant superintendent of public instruction in Washington State, 1913–15 and has been in the newspaper business since; Governor of Oregon 1939–43; alternate U.S. delegate to the United Nations General Assembly, 1952.

George Van Hoomissen, Portland: Attorney in private practice; graduate of the University of Portland and Georgetown University Law School; teaches a course at Northwestern College of Law; Marine veteran of the Korean war; served two terms as State representative.

Rudie Wilhelm, Jr., Portland: Warehouse firm manager; graduate of Reed College; Army Air Corps veteran of World War II; served four terms in the house and two terms in the State senate; was speaker of the house one session; was a member of the Governor's and legislative constitutional committee in 1953–54.

RECESS UNTIL MONDAY

Mr. SPARKMAN. Mr. President, I move that the Senate now stand in recess until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 1 o'clock and 4 minutes p.m.) under the order previously entered, the Senate took a recess until Monday, January 14, 1963, at 12 o'clock meridian.

EXTENSIONS OF REMARKS

Outlaw Political Extortion of Federal Employees

EXTENSION OF REMARKS
OF
HON. JOHN W. BYRNES
OF WISCONSIN
IN THE HOUSE OF REPRESENTATIVES
Thursday, January 10, 1963

Mr. BYRNES of Wisconsin. Mr. Speaker, I have today reintroduced legislation making it a criminal offense to threaten Federal employees with the loss of their jobs in the event they do not contribute to a political party.

This legislation is made necessary by the refusal of the Justice Department to use laws now on the books to prosecute party fund solicitors who coerce Federal employees into party contributions under threat of being fired.

In the last Congress I was unable to get any action by the Justice Department in such a case involving alleged threats of a Democratic fund solicitor against postal employees in my district. By a strange interpretation of the law, the Department maintains that it is legal for anyone, who is not a Federal employee, to threaten Federal employees with job loss as a means of coercing contributions to the party in power.

It is regrettable that Congress is forced to restate a law which clearly prohibits such pernicious activity. It is regrettable that Federal employees will be without the protection of the law until Congress is able to act. It is regrettable that the civil rights of those employees can still be violated with impunity.

I urge prompt passage of the bill. It reads as follows:

Whoever, directly or indirectly, deprives, attempts to deprive, or threatens to deprive any person of any employment, position, work, compensation or other benefit provided for or made possibe by any Act of Congress, in an effort to force participation in any political activity, or support or opposition to any candidate or political party, or financial contributions to any candidate or political party, shall be fined not more than $1,000 or imprisoned not more than one year, or both.

Independence Day of Sudan

EXTENSION OF REMARKS
OF
HON. ADAM C. POWELL
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Thursday, January 10, 1963

Mr. POWELL. Mr. Speaker, on January 1, the Republic of Sudan celebrated the seventh anniversary of her independence, and we take this opportunity to send warm felicitations to His Excellency, the President of the Supreme Council for the Armed Forces, Ibrahim Abboud; and His Excellency, the Sudanese Ambassador to the United States, Dr. Osman al-Hadari, on the occasion of the anniversary of Sudan's independence.

Seven years have elapsed since the Sudan was declared independent, years of continued progress that have made the Sudan a nation to consider, to applaud. From the time of its independence ceremonies on January 1, 1956, the Sudan has achieved a unique position of self-reliance, rapid economic transformation, and political stability. It is with great pleasure that we in America extend greetings to honor the Sudan's independence anniversary.

On Independence Day, 57 years of Anglo-Egyptian rule came to an end. Colonialism had been imposed upon a proud people. Several attempts to overthrow the oppressive yoke had ended in failure. But through perseverance and peaceful constitutional means, colonial rule was at last expelled.

Seven years of economic development have been the greatest achievement of the Sudan as an independent nation. During those short years, over 4,000 acres of irrigated cotton was added; 750 miles of rail track now binds the far-reaching corners of the nation to its capital and port city; electrification of hydraulic plants promoted industrial expansion; and healthy foreign trade was realized, with cotton being the prime motivator in most transactions. These are milestones in the economic development of a new nation.

As a new nation, it has and will continue to suffer setbacks. Because of political ineffectuality and dismemberment, a bloodless coup overthrew the old regime and established a ruling junta, generally supported and praised, though, by all save the Communists.

While dissimilarities of culture, religion, and race between the north and south have brought about eruptive disorder, the Sudanese Government is determined to obliterate the differences between these sections of the country so that the entire nation may progress in harmony and unity.

I salute these achievements and hopes of the Sudan. I am certain that the next 7 years will bring even greater advancement. We hope that in the forthcoming years the Sudan will set an example for the world community to emulate. We are proud to claim the Sudan as a friend and to share with the Sudanese people the celebration of their independence anniversary.

Truth-in-Lending Bill

EXTENSION OF REMARKS
OF
HON. ROBERT N. C. NIX
OF PENNSYLVANIA
IN THE HOUSE OF REPRESENTATIVES
Thursday, January 10, 1963

Mr. NIX. Mr. Speaker, today I have introduced a bill designed to accelerate the stabilization of the Nation's economy by assuring equitable relationships that will result from the full disclosure of financing costs in connection with extensions of credit. In recent years an increasing number of complaints of widespread extortion, arising from presently accepted business practices, has been disclosed by witnesses before congressional committees, revealed in reports of the public press and related by individuals personally victimized by the flourishing credit racket. An abundance of relevant testimony, clearly establishing the viciousness of the system, has been recounted by witnesses before the House District Committee and the Subcommittee on Production and Stabilization of the Senate Committee on Banking and Currency.

I, therefore, have presented the bill both to stabilize the economy and to promote individual justice. I am deeply concerned over the fact that from both the quantity of substantial evidence presented to committees and secured through personal sources it is conclusively indicated that countless Negroes have been robbed and cheated by unscrupulous business people who willfully exact exorbitant interest through subtle means unrevealed to them. As a consequence of such practices the full cost of articles to the trusting purchaser is withheld while the seller is realizing profits as great as 100 percent or more. Moreover, through such criminal practices there are thousands of well-known instances pointing out that it is a common policy of dishonest sellers to resell the same articles several times over with the identical built-in interest charges to other unsuspecting Negroes further compounding, thereby, big profits for such businessmen. And, the sum total of the tragedy of this unconscionable condition has been that consumers who have suffered most are those in the lowest economic group and, thus, least able to pay.

Full disclosure of financing costs incident to consumer credit could prevent or at least restrain abuses of the helpless imposed as is now the case through the concealment of true rates, the manipulation of charges by the use of fees, and the failure to rebate amounts taken in advance. These considerations, Mr. Speaker, are so compelling that I have presented this legislation and am now appealing to the leadership to join me in its passage.

Tax Rate Reforms for Growth and Jobs

EXTENSION OF REMARKS
OF
HON. A. S. HERLONG, JR.
OF FLORIDA
IN THE HOUSE OF REPRESENTATIVES
Thursday, January 10, 1963

Mr. HERLONG. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following statement by the gentleman from Tennessee, HOWARD H. BAKER, and myself, upon introduction of new bills for reform of personal and corporate income tax rates:

TAX RATE REFORM FOR GROWTH AND JOBS

(Statement of Hon. A. S. HERLONG, Jr., Democrat, of Florida and Hon. HOWARD H. BAKER, Republican, of Tennessee, January 10, 1963)

It is our hope that 1963 will witness the reversal of Federal tax policy which for so long has been stacked against capital formation, economic growth, and job creation. To this end, we have introduced new bills for reform of personal and corporate income tax rates over a 5-year period. The principle that lower tax rates mean more vigor and growth in the private economy is generally recognized by the average citizen. While this principle provides the basic guidance for reforming a rate structure, there are complex fiscal problems and sophisticated economic questions which tax specialists and policymakers, including Members of the Congress, must consider before agreement on specific legislation. To make it useful in policy deliberations, this statement in explanation and support of our bills is more of a technical than a popular exposition.

This legislative program is not designed to apportion tax relief among disputing claimants, but to serve the general public interest in greater growth and more jobs.

It is not designed to stimulate an inherently weak economy, but to release the world's strongest economy from the tax rates which bind it.

The critical test which we believe should be applied to any tax program at this time is not how much economic activity it might stir up in the next year or two, but is how much economic growth it will give us by the end of the decade. We believe our program meets this test; that it would produce maximum results in growth and jobs with a minimum of inflationary danger.

This is the third Congress in which we have proposed such legislation. Since the tax rate drags on the economy became a top public issue last summer, there has been a tremendous surge of interest in the key procedure of our bills; namely, spaced-out rate reform. Many new voices have been raised in support of our bills as a whole. Some others, however, seem to view the rate reform goals which we have set as unrealistic. Assuming that the purpose of tax action is to release the economy for optimum achievement in long-term growth and jobs, and without quibbling over negotiable details, we believe our bills encompass the only workable, realistic and adequate program now in being.

RATE REFORMS

This legislative program places the great emphasis on reduction of the range of graduation of the personal tax. The graduated rates now top out at 91 percent and reach 53 percent at the $18,000 to $20,000 bracket of taxable income.

Over a 5-year period, our bills would reduce the top rate of personal tax to 42 percent, and the 53-percent rate to 24 percent, with other graduated rates lowered in a consistent pattern. The first bracket rate of 20 percent would be lowered to 15 percent, assuring a minimum reduction of 25 percent to every personal taxpayer. The graduated rates from 22 to 34 percent would be reduced to a new range of 16 to 19 percent. The 38-percent rate would come down to 20 percent (see tables I and II).

The rate of withholding on wages and salaries would come down from the present 18 percent to 13.5 percent at the end of 5 years.

The combined top rate of corporate tax would be reduced from 52 to 42 percent over the 5-year period (see table III). The new top rate of 42 percent would still be more than 10 percent higher than the 38-percent top rate of corporate tax between World War II and the Korean war.

Our earlier bills contemplated that all rates would be put into effect as of January 1, with enactment coming in advance of the date for the first scheduled rate cuts. The current bills contemplate enactment after January, but in time to make the first reduction in the withholding rate effective July 1, 1963.

Because taxpayer returns are on a calendar year basis, the actual 1963 tax rate cuts apply to the entire year, i.e., be effective as of January 1, but the percentage amount is only one-half of that which would have resulted from enactment in advance of January 1. The reduced withholding rate however, from July to December, is the same as it would have been if it had been effective from January 1 to reflect tax cuts for a full year. As regards the average taxpayer whose tax liability is satisfied by withholding, the practical effect is tax reduction beginning as of July 1.

This procedure enables a further reduction in the withholding rate effective January 1, 1964, as the second year's tax rate cuts go into effect on that date. There would be telescoped into these cuts the one-half year's cuts which were not made effective in 1963. Consistently, the corporate cut for 1963 is held to 1 percentage point, with the deferred percentage point added to the annual reduction of 2 percentage points effective January 1, 1964.

TAX SAVINGS, REVENUE EFFECT AND REVENUE GAIN FROM ECONOMIC GROWTH

The average annual tax savings under our bills would be approximately $3.85 billion. These savings relate to the calendar year of tax liability. Of the average annual savings, $2.85 billion would go to individuals and $1 billion to corporations. Over the life of the legislation, the personal tax cuts would provide approximately $14.25 billion in tax savings and the corporate cuts $5 billion, or a total of $19.25 billion. These data are based on 1962 income levels, because it would unnecessarily complicate this statement to assign different values to the tax cuts applying to the separate years.

Of the personal tax savings, about $6.15 billion, or 43.1 percent of the total, would result from the cut to 15 percent of the 20-percent rate now applying to the first bracket of taxable income; $2.1 billion, or 15.1 percent of the total, would result from the cut to 16 percent of the 22-percent graduated rate now applying to the second bracket of taxable income. The remaining tax savings, $6 billion, or 41.8 percent of the total, would result from the cuts in the graduated rates which now range from 26 percent upward, but only 14.3 percent, or $2.04 billion, from reducing the graduated rates now over

50 percent, ranging from 53 to 91 percent at the top. (See table IV.)

While tax savings are computed for calendar or taxpaying years, the Government calculates the effect on revenue of tax cuts to accord with its fiscal year (June 30) budget. The delay of cut in the 1963 withholding rate until July 1 means that the only revenue effect in fiscal year 1963 would come from revised declarations and payments of estimated tax and would involve only a nominal sum. The remaining revenue effect of the legislation would be spread over the 5 fiscal years ending with June 30, 1968. Because of the overlap of fiscal and calendar years, there is some bunching of revenue effect (as contrasted to calendar year tax savings) in fiscal years 1964 and 1965.

Because of this bunching, the revenue effect in fiscal 1964 would be $4.81 billion, followed by an additional $4.81 billion in fiscal 1965, or a total for the 2 years of $9.6 billion. The additional revenue effect would be $3.85 billion in each of the fiscal years 1966 and 1967, followed by $1.93 billion in fiscal year 1968, when the total for the 5 years would correspond to the total tax savings of $19.25 billion. None of these data take into account the return flow of revenue from a better performing and growing economy.

There is an alternate procedure for putting into effect tax cuts over a series of years which would eliminate the bunching of revenue effect in the early years. An explanation of how the procedure would work is given in the final section of this statement.

At this point, the critical question is: To what extent would the revenue gain from economic growth compensate for the revenue effects of the tax cuts? Administration reports and statements, and other material which will be presented in the hearings before the Ways and Means Committee, may throw light on this subject which is not available to us at this writing. However, in addition to laying the basis for an adequate long-term growth rate (in the range of 4 percent as compared with the average of about 2½ percent over recent years), it is generally agreed that a goal of tax rate reform or reduction is to make up for the gap created by the past inadequate performance of the economy (7 to 8 percent of gross national product, or about $40 billion). If the loss were to be made up over a 5-year period, an average growth rate of about 5½ percent would be required.

For purposes of illustration, it is assumed—if our proposed legislation is enacted—that after a growth build-up in the first year, the average growth rate throughout the decade would be in the order of 5 percent annually; and that such a growth rate would produce annual additions to revenues in the order of $4.5 billion—computed on the basis of 1962 income levels. These assumptions are incorporated in the following table, showing the calendar year of tax cuts under our bills, the estimated annual and cumulative revenue effect in the ensuing fiscal years, and the estimated gain in revenue from economic growth—annual and cumulative—for the same fiscal years:

[In billions]

Calendar year	Steps in cuts	Revenue effect, fiscal years ending June 30		Revenue gains from economic growth, years ending June 30	
		Annual	Cumulative	Annual	Cumulative
1963	1st ½	(1)	(1)		
1964	2d 1½	$4.81	$4.81	$3.5	$3.5
1965	3d 1	4.81	9.62	4.5	8.0
1966	4th 1	3.85	13.47	4.5	12.5
1967	5th 1	3.85	17.32	4.5	17.0
1968		1.93	19.25	4.5	21.5
1969			19.25	4.5	26.0

[1] Nominal.

In considering the implications of this table, the impact of the rate of growth on Government spending must be kept in mind. In the absence of an average growth rate in the order of 5 percent until the lost growth is recovered, economists generally agree that unemployment will not be brought down to reasonable levels. Contemporary attitudes do not admit of Government inactivity in face of excessive unemployment levels.

The options are clear. Either the Government provides the private economy through tax-rate reform with the opportunity to resolve the chronic unemployment problem, or the Government will compound the fiscal crisis caused by too much spending and too little revenue. The option of tax-rate reform offers promise of a stronger and freer America and in the long term, enough revenue to cover all necessary spending of the Government.

The option of more domestic programs and spending to solve the unemployment problem is a barren one. It inevitably would mean larger deficits carrying with them the possibility of a new, serious inflationary surge.

THE ECONOMICS OF TAX CUTTING

There are strong, respected dissenting voices mingled with what seems to be majority agreement on the economic need for tax cutting. By and large dissent is based on the proposal of tax cuts without expenditure reduction or control. Opposition is inflamed by loose statements attributing virtue to deficits. Question is raised as to the credibility of the general statement that lower taxes mean more revenue.

Unfortunately, among those who give full or qualified support to tax cutting, there is wide disagreement as to what tax rates should be cut, how much, and how tax cuts would bring about desirable economic results. Some place the great emphasis on removal or modification of the deterrent or drag effect of the present steeply graduated rates of personal tax, and the high combined rate of corporate tax, on capital formation, greater growth, and more jobs. Others place the emphasis on using tax-cut dollars for stimulation of private consumption, relying on secondary effects for greater capital formation and long-term growth. Some walk down the middle, giving credence to both approaches.

Our bills are oriented to the release of investment funds and incentives. Nevertheless, our estimate is that only about one-half of the tax savings under our bills would be employed as new capital, with the remaining one-half being used for current consumption spending. We believe it would be a serious economic mistake to enact legislation designed to channel the bulk of the tax savings into current consumption. This is a question which should be resolved on the basis of how tax cutting at different income levels affects the economy, and not on the basis of who gets the direct tax relief. The following explanations may be helpful in this respect.

The release of tax rate deterrents or drags. All taxation takes out of the private economy some income which otherwise would have been transformed into capital for growth. Large amounts of such income are taken by the steeply graduated rates of personal tax, and the excessive top rate of corporate tax. These rates also reduce the incentives of individuals to earn additional income, and to invest in risk-taking ventures, and the incentives of business to expand existing plant and the production of existing products and services, to add new products and services, and to employ more people.

In short, it is these uneconomic tax rates which restrict economic growth, limit the number of new jobs, and provide too little revenue for the support of government. Removal or modification of these tax rate deterrents or drags not only would be good business for the country; it also would be good business for the government. A chronically, artifically repressed economy simply cannot be relied upon to provide the revenues to meet the needs of contemporary government.

Tax cutting to stimulate consumption. There is a significant contrast between tax rate reform for the purpose of removing tax rate drags and disincentives, and the conception of tax cutting as a form of government help or aid designed to stimulate the economy. Tax cutting which would increase private consumption without corresponding reduction in government spending would fall in the latter category.

When the Government takes and spends income which otherwise would have been used for private consumption, there is no direct effect on the rate of economic activity or of economic growth. The Government, including its employees and the beneficiaries of its programs, simply spends more, and unsubsidized private citizens spend less. Conversely, when the Government reduces its spending and its taxes bearing on consumption in equal amount, private citizens spend more while the Government, and its employees and beneficiaries, spend less. There is no direct effect on the rate of economic activity.

Thus, the stimulation of private consumption through tax cutting comes about only when the cutting is not matched by a comparable reduction in Government expenditures. In this situation, tax cutting creates $2 of income where only $1 existed before, because in effect, the Government borrows and spends an amount equivalent to the tax cuts.

An increase of private consumption through this means will add to the current rate of economic activity, and provide some return revenue flow. It is questionable, however, whether this process would have much significance for economic growth. The improvement in business volume would result in some increase in profits, and some increase in savings from personal incomes. As a general proposition, however, it would seem grossly inefficient to attempt to influence investment for growth and jobs in this roundabout manner. For any given number of tax reduction dollars, it is certain that a much greater result would be achieved by cutting the steeply graduated personal tax rates and the top corporate rate.

Moreover, whatever the immediate effect on private consumption of tax cuts financed by deficits, there would be no effect whatsoever as regards either total economic activity or economic growth when and if the budget is brought into balance. From that time on, the process would be substitution of private consumption, in itself highly desirable, for consumption brought about by government spending. It seems like an economic contradiction therefore to associate tax cutting to stimulate private consumption with long-term economic growth and job creation.

EASIER TAXES VERSUS TIGHTER MONEY AND CREDIT

In current discussions on tax cutting to increase private consumption, it is sometimes stated or implied that there may have to be a tightening up of the use of money and credit in the private economy to prevent the tax cuts from having inflationary effect.

Such a prospect seems wholly inconsistent with the goal of improved long-term growth and job creation. The inadequate growth of recent years has been accompanied by inadequate expansion in private use of money and credit. More growth inevitably will increase the private demand for money and credit. In fact, a fundamental purpose of tax rate reform is to improve the business climate, which in and of itself would create greater private demand for money and credit. It would be a most unfortunate thing if this

demand went unsatisfied because too much tax cutting to increase private consumption had built up potential inflationary pressures.

A program of rate reform oriented to releasing capital and incentives for growth and making healthy but not excessive tax cuts over a number of years, would provide the best set of conditions for a much-needed expansion of money and credit without inflationary consequences. By contrast, any tax cutting program involving substantial revenue effect, and heavily oriented to the increase of private consumption instead of releasing savings for investment and growth, would carry grave danger of a return to tight control on the use of money and credit in the private economy.

HOW MUCH TAX CUTTING?

We believe our bills incorporate a program which is balanced from the standpoint of the fiscal realities and of the economic goals of tax rate reform. Economists generally agree that the key factor in the lag in growth and employment over the past 5 years has been the failure of business investment spending to expand. As set forth in the statement appearing in the CONGRESSIONAL RECORD, volume 108, part 17, pages 22687–22688, business expenditures for plant and equipment, in constant 1961 dollars, are some $12 billion short of the level which would have been achieved under an average annual growth rate of 4 percent since 1951. We assume that about one-half of the tax savings under our bills, or $9 to $10 billion, would be saved and invested, instead of being used for current consumption. This would be on the short side of the indicated deficiency in business capital spending. Moreover, as new family formation moves up sharply after the mid-1960's, a considerable volume of new savings will be channeled into residential buildings, thus reducing the new savings available for use in business expansion. An offsetting factor, however, will be the business savings released by the depreciation reforms put into effect by the administration in 1962, and the investment tax credit enacted as part of the Revenue Act of 1962—the two together valued by the administration at approximately $2.5 billion annually. To some extent these savings are nullified by provisions of the 1962 act which directly or indirectly reduce business or personal savings or adversely affect incentives. Relating all of these factors, it would be difficult to see how anyone could argue that our bills would release more income for capital formation, residential and business, than will be needed in the 1960's and beyond.

Nevertheless, our program involves a substantially larger total of tax cuts, over its proposed legislative life, than is contemplated by other programs under contemporary discussion. There is a tendency in many quarters to rely on the simple principle that tax cutting means more business and more revenues in the short future without facing up to the question of what is needed to turn our economy loose for optimum performance over the long term.

As a frame of reference in regard to size of tax cuts, it may be well to recall the aggregate tax reductions of 1954 which—at income levels then existing—involved tax savings estimated at about $7.5 billion. Except for repeal of the Korean war excess profits tax, and the inauguration of the 4-percent dividend credit and $50 exclusion, the 1954 cuts were not especially oriented toward capital formation and economic growth. The depreciation reforms provided in the 1954 act were of major importance, but in terms of depreciation speedup they did not provide for major key industries as much relief as had been available under the Korean war rapid amortization provision.

After the 1954 reductions, business activity expanded sharply in 1955 and 1956, with revenues increasing to the point of transforming deficits of $3.1 billion in fiscal 1954 and $4.2 billion in fiscal 1955 into surpluses of $1.6 billion in both fiscal years 1956 and 1957. Thereafter, however, the economy turned downward and into the period of too slow growth and too much chronic unemployment resulting in repetitive Federal deficits.

To us, the moral of this experience is that the tax rate reform necessary to pull down the blocks to adequate long-term growth and jobs must be more sweeping than other tax cuts in our history.

The economy is still laboring under a tax rate philosophy and structure which was conceived in the gloom of the 1930 depression and implemented by the revenue requirements of World War II and subsequent years. Only a sweeping reform of rates can reverse this philosophy and change the tax structure so that capital formation and business and human incentives can play their full role in creating a stronger and more bountiful economy.

If further evidence is needed in support of a program cutting and reforming taxes as deeply as our bills would, it is provided by the fact that the 1954 tax cuts, related to 1962 income levels, would have a current value in the order of $12 billion. If we are to serve the objectives of growth and employment to which all groups and persons in our Nation are committed, it seems apparent that a much larger tax cutting package, much better distributed from the standpoint of capital formation, must be enacted in 1963.

After substantial tax cuts have been enacted in 1963, it is not likely that there will be further significant tax cutting in this decade or at least before the end of it. This means that if the purposes of growth and jobs in this decade are to be served by tax rate reform, the 1963 legislation must do the job.

Any question of doubt as to distribution of tax cuts, or as to total amount, should be resolved on the side of turning the economy loose from capital incentive destroying tax rates.

Looking ahead for a number of years, the prospect for further tax cutting will certainly depend on how fast the economy grows, unless there is a real easing of the cold war. From this benchmark, what is done now in cutting the growth-retarding rates will determine whether there can be future tax cuts to serve any purpose. By contrast, emphasis now on cutting taxes to stimulate consumption would leave little prospect of further tax cutting for any purpose in the foreseeable future.

THE MOST CRITICAL TAX RATES

While we are convinced of the economic necessity for enactment of legislation incorporating at least the full sweep of rate reform of our bills, we cannot ignore the fact of current proposals involving much smaller total tax cuts. In considering these less sweeping programs, we believe it important that the priorities in terms of long-range growth and jobs be recognized.

As against the potential for growth of a fully free economy, we believe that the steeply graduated rates of personal tax, as much through the middle brackets as beyond, constitute the most inhibiting and retarding force. Here are the rates which strike most directly at incentives, both business and personal. These steeply climbing rates discourage risk-taking, choke off venture capital at its source, curtail business starts and expansion, and thus prevent the creation of new jobs. They are the bane of small business and of the man on the ladder. In placing stiff penalties on hard work and long hours, such rates are a contradiction of the compensation principle of extra reward for extra effort and achievement.

It is these baneful effects of graduation which led us to the conclusion that, under a reformed tax rate structure, no unincorporated business or other individual should be required to pay a higher rate of tax than a corporation. Proposals for higher top rates of tax inevitably carry with them higher rates through the critical middle brackets. Similar top rates of personal tax would—

1. Give the unincorporated business roughly the same opportunity as a corporation to retain earnings for growth.

2. Relieve greatly the burden of double taxation on corporate income which is paid out in dividends.

3. Minimize the tax penalty on hard work, long hours, and achievement.

4. Maximize the release of incentives for venturesome investment, the creation of new products and services, the starting of new businesses, and the expansion of old.

Despite these objectives which would so well serve the general public interest, we recognize there is a reluctance to release from tax as much income of wealthy people as would result from our bills. We do not share this reluctance, because similar top rates of tax would mean the most in growth and jobs in the future. However, we recognize the difference in economic consequences to be expected from maximum moderation in rates which may be generally associated with the earned income potential of unincorporated business and other personal endeavor as compared with very large incomes derived from large aggregations of wealth. The greatest tragedy of our present tax rate structure is that those with high earned income potential, on whom we depend the most for economic building for the future, have so little opportunity to accumulate savings out of their current incomes. Our bills would release incentives to men and women with the greatest capacity for personal contribution to the Nation's economic future, and also the capital which would free them to make the maximum contribution. For a free, dynamic economy, these are inseparable attributes.

A top personal tax rate similar to the top corporate tax rate would be a small concession to make in order to turn our high-powered people loose to lead the way to high-level growth. However, too much damage would not be done as regards the "earned income" group if one or two higher rates of tax were set at very high income levels. Such higher rates of tax could not be justified at any income levels from the economic standpoint, but they would not be as growth-retarding as such rates applied within the existing taxable income brackets. Above all, however, the No. 1 priority in tax rate reform is to minimize the tax restraint on the energetic, creative, and far-sighted people who must accumulate their capital out of current income, and who inevitably would use the capital so accumulated—plus savings of others in much greater amount—to lead the way in building for the Nation's future.

Below the priority which should be given in any tax legislation to reforming the middle-through-high graduated rates of tax, we believe that the following priorities—in serving the objective of growth and jobs—should be recognized:

Second priority—lower graduated rates.

Third priority—top 5 percentage points of corporate tax.

Fourth priority—next 5 percentage points of corporate tax.

Fifth priority—base rate of personal tax.

We are hopeful that this statement of priorities will influence those who have espoused tax cutting programs less sweeping than the rate reforms of our bills to reconsider their stand. Actually, substantial reduction in the first rate of personal tax can be afforded at this time only if it is part of a rate reform program promising increase

in growth and income totals which could be expected to so expand the tax base as to lead to a balanced budget in the not too distant future. We believe that the first rate should be reduced as provided in our bills, but it is obvious that reduction in this area should not be traded against the rate reforms which would assure dynamic growth over the years ahead.

RATE REFORM VERSUS RATE REDUCTION

Although the general pattern of spaced-out rate reform provided in our bills is well known, the significance of our use of the words rate *reform* as contrasted to the words rate *reduction* may not be. The effects of the personal tax in restricting economic growth and employment result largely from steeply graduated rates and not from the basic rate. Our bills are designed to drastically reduce the range of graduation, thus internally changing or reforming the rates in relation to each other. In a lesser sense, the corporate tax cuts provided in our bills would constitute reform, in changing the relation of the normal and surtax rates to each other.

Personal tax rate reform is fiscally feasible because the entire graduated superstructure provides only about 15 percent of the revenue from the tax, or $6.7 billion out of a total of $45.3 billion. The remaining 85 percent, or $38.6 billion, comes from the basic 20 percent rate on the first bracket of taxable income and the first 20 percentage points of all the graduated rates. The lack of revenue productivity of the present graduation is further indicated by the fact that a flat rate of 22.4 percent would produce as much revenue as the present rates.

In contrast with rate reform, rate reduction has no particular implication in regard to the pattern of reduction. However, for comparative purposes it will be assumed here that rate reduction means a uniform percentage cut in rates, generally known as an across-the-board cut.

A valid question is: How much reduction in the most critical graduated rates, and how much potential high-velocity venture capital, would be lost if an across-the-board or uniform cut were substituted for reform of rates as provided in our bills?

The personal tax savings under our bills of $14.25 billion equal 31.4 percent of revenue from the tax, based on 1962 income levels. If there should be a uniform cut of 31.4 percent in all rates, the rate cuts in the middle-through-higher brackets would be substantially less than under rate reform, without very significant increase in the first bracket cut. For example, there would be a loss of 20.4 percentage points in rate reduction as regards the present top rate of 91 percent, and a top loss of 23.7 percentage points as regards the present 87 percent rate. But there would be a gain of only 1.3 percentage points of reduction in the first bracket rate. In addition, the present 22 percent first graduated rate would be reduced more, by 9 percentage points, under a uniform cut as compared with rate reform. All higher graduated rates would be reduced more under rate reform.

In terms of tax savings, the substitution of a 31.4 percent uniform cut for the rate reforms provided in our bills would transfer about $1.9 billion from the taxable income brackets now carrying graduated rates from 26 percent upwards to the first two brackets. The rate reductions and tax savings effects from a uniform cut, as compared with rate reform, are set forth below for the same tax rate groupings which appear at the bottom of table IV:

Present rates	New rates			Tax savings (millions)			
	Rate reform	Uniform cut	Point differences	Rate reform	Uniform cut	Differences	
Percent	*Percent*	*Percent*	*Percent*	*Dollars*	*Dollars*	*Dollars*	*Percent*
20	15	13.7	−1.3	6,145	7,729	1,584	+25.6
22	16	15.1	−.9	2,146	2,474	328	+15.1
26–34	17–19	17.8–23.3	+.8–4.3	2,351	1,945	406	−17.4
38–50	20–23	26.1–34.3	+6.1–11.3	1,567	967	600	−38.4
53–91	24–42	36.4–62.4	[1] +12.4–20.4	2,039	1,133	906	−44.5
Total				14,248	14,248		

[1] The percentage point differences regarding present rates from 78 to 90 percent would be greater than 20.4.

In relation to consumption totals, $1.9 billion in tax savings has little significance for the present or the future.

But, $1.9 billion of tax savings used as "lead" money—the dynamic, venture capital which pulls in other savings—would provide an ever increasing return in growth and jobs.

Some of the $1.9 billion, if diverted to tax relief in the low taxable brackets, would be saved and invested. Some of it, if granted as tax relief in the middle-through-high brackets, would be used for current consumption.

On balance, however, distributing the $1.9 billion through tax rate reform would reflect a decision to maximize economic growth and new job opportunities. To distribute it through a uniform cut would reflect a decision to maximize current economic activity at the expense of long-term growth and jobs.

POSTPONEMENT AND THE TAX CLIMATE

Unfortunately, widespread recognition of the need for tax rate reform did not come until lagging growth and revenue, and too much domestic spending, had put the budget in the red by some $8 billion. Our military and space commitments require further increase in spending in these areas during the next fiscal year.

In our earlier bills, a provision required postponement of prescheduled rate reductions, after the first reduction, when the budget was out of balance. The provision included procedure by use of which Congress could limit postponements to 6 months without disturbing future reductions. However, if the postponement procedure were used fully, it would have meant that the reductions would have been spread out over 9 instead of 5 years.

This postponement provision was developed at a time when inflationary pressures were very great, when the budget was in balance, and when the twin problems of a lagging rate of economic growth and chronic unemployment, though foreseeable, had not yet emerged. The problem now is how to adapt this provision in light of current and prospective conditions.

In forward scheduling tax cuts, a major objective is to improve the business climate and the public psychology, creating optimism for the future; to induce forward business planning in anticipation of steady relief from growth-retarding income tax rates. Such an environment inevitably would be accompanied by greater private use of money and credit, multiplying the benefits of the tax cuts in the early years. Over the long pull, of course, money and credit serve only as the lubricant of the economic system. The economy as a whole can prosper and grow without inflation only as current savings of business and individuals are adequate to the task. But, until the economy has recouped the ground lost during the inadequate growth of the past 5 years, expansion in private use of money and credit must be greater than would be appropriate thereafter. If such expansion does not take place in the private sector of the economy, we may be sure that it will take place through greater Federal spending and larger deficits.

To serve the purpose of expenditure control, without thwarting the objective of permitting forward planning on the basis of regularly scheduled lower tax rates, we have made two changes in the postponement provision:

The first change is to make postponement effective only as regards the rate cuts scheduled for the third and later years under our bills, as contrasted to the second and later years under earlier versions of our bills.

The second change is to add to the test of budget unbalance a new test, in regard to expenditure control. Postponement would be applied only if the budget is out of balance and if what we call "subordinate expenditures" are higher in the current fiscal year than in the preceding year. "Subordinate expenditures" are defined as all expenditures of the Government except those related to military preparedness, space research and technology, and interest on the public debt. As a general positive description "subordinate expenditures" cover those generally known as domestic spending programs and foreign economic assistance.

We believe that this addition to the postponement procedure makes our program entirely realistic, not just for enactment, but for expected effectuation over the 5 years. We are convinced that the executive branch and the Congress working in harmony can control the total of domestic spending without harm to any vital public program or segment of the public. Groups who are the beneficiaries of separate Federal spending programs also share the common general public interest in greater economic growth and economic strength. Actually, the unemployed and the underemployed, and the sections of the country which lag behind national economic achievements, will benefit the most from the release of capital and incentives under our bills. It makes much more human, as well as economic sense, to let the private economy provide new and greater opportunities to these people and sections of the country than to rely further on "dole-type" spending programs.

NEW WORKERS AND JOB OPPORTUNITIES

In addition to the problem of the currently underemployed and unemployed, during the remainder of the 1960's there will be an accelerating buildup in our working force—or of the number of young people who will need and want work, and who will expect good work opportunities. Over recent years, the "labor force" as it is technically known has increased by an average of only about 800,000 annually. Over the last 5 years of this decade, the average increase is expected to reach close to 1.5 million annually.

The excessive use of tax cutting at this time to increase consumption of people now fully employed is not going to solve the problem of good jobs for these new workers who are just around the corner in point of time. It will take a rebirth of business and individual incentives, and tremendous amounts of new capital, to provide those jobs.

EXPANSION OF THE TAX BASE

Our bills do not contemplate incorporation therein of structural tax reforms associated with base broadening. We believe

that the objectives of tax rate reform are too important to be submerged and obscured, and further delayed, by time-consuming discussion over what if any provisions of the tax law should be eliminated, modified, or revised. Moreover, whatever may be the merit of individual reforms or the overall case for structural reform of the tax law, we do not believe that this is a significantly productive route to broadening the base for taxation. On any extensive basis, such reform inevitably would reduce the potential of business and private savings, and thus tend to offset the release of incentives and capital formation provided by rate reform.

This is not to deny the need for base broadening. Aside from the system of exemptions, credits, exclusions, and deductions of general value to all taxpayers, the too small tax base of the current period is a product of inadequate growth over the past 5 years. Stated differently, if the economy had grown adequately over the past 5 years, the Federal tax base would be large enough to support all necessary spending out of current revenue. Looking ahead, the greatest opportunity for expansion of the tax base is found not in structural reform but in the enlargement of the economy which provides the tax base.

As a specific illustration, if the economy should not grow any more rapidly on the average over the remainder of this decade than it has over the past 5 years, the personal tax base under the law as it now stands would only be about $259 billion in 1970, as compared to about $193 billion in 1962. On the other hand, if the economy should grow at an average of 5 percent over the years ahead, the personal tax base in 1970 would be about $337 billion. An $80 billion addition to the personal tax base would be much greater than could be expected from any impact on base broadening of structural tax reform.

THE BOUNTY FROM GREATER GROWTH

The return from greater growth (5 percent as compared with the recent average of 2½ percent) over the remainder of this decade is indicated for gross national product, personal income, and personal income per capita, in table V, attached hereto. Regardless of judgment as to whether such goals will be achieved, we believe the Government has the obligation to adjust its policies to provide the best promise of achievement. Experience provides ample documentation that more Government spending will hurt rather than help accomplish such goals. In our opinion, a "mixed" policy of somewhat more spending, and somewhat less taxing, would offer little promise of much improvement over recent history. We believe the time is here when the Government must turn the private economy loose from an oppressive tax rate structure; to let it develop its own head of steam and find out where it will take us. Halfway measures at the best can be expected to produce no more than halfway results. At the worst, they could keep the door open to return to the barren philosophy of greater growth in Government spending. The opportunity is present for a national decision for greater growth in the private economy over more growth in Federal spending (except as may be required for our military security and space effort). A positive declaration that our Nation is committed to restoring the full vitality and potential of our free economy, and the corroboration of that commitment through greater growth starting in 1963, could soon pave the way to forcing the Communist world to recognize that it had better collaborate in reducing the burden of military preparation so that it too can do more toward improving the everyday life of its citizens.

ALTERNATIVE PROCEDURE FOR SPACING OUT RATE REFORMS

If the one-half year's personal tax cut for 1963 provided in our bills were followed by only a one-half year cut as of January 1964, there would be no bunching of revenue effect in fiscal year 1964. Specifically, the revenue effect would be $2.85 billion compared with $4.31 billion under our bills as drafted.

If this process were repeated over 5 years—reduction in the withholding rate as of July 1 for a one-half year's tax cut, followed by another automatic one-half year's cut as of next January 1—there would be equal revenue effect, $2.85 billion, in each of the 5 fiscal years. Combined with a 2 percentage point cut in the top corporate rate each calendar year, the annual revenue effect in each fiscal year would be $3.85 billion.

This procedure might have further attraction as regards the working of a postponement provision. It would permit the provision to become an inherent part of the President's budget submitted to Congress each January covering the next fiscal year. The provision would, if the postponement test required, hold in abeyance the next sequence of tax cuts beginning with reduction in the withholding rate on July 1 for the first half year's cut and completed by another half year's cut on January 1 following. The Congress could put the sequence back into effect if it so decided in time to reduce the withholding rate on July 1. If Congress failed to act, the sequence would be postponed 1 year, thus moving ahead all following sequences provided in the legislation. The corporate tax cuts for the current calendar year would be held in abeyance, and then put back into effect or postponed for 1 year, by the same series of events.

TABLE I.—*Reform of individual tax rates*

Taxable income bracket [1] (thousands)	Present rates	Original rates Jan. 1, 1963	Amended actual rates Jan. 1, 1963	Jan. 1, 1964	Jan. 1, 1965	Jan. 1, 1966	Jan. 1, 1967	Taxable income bracket [1] (thousands)	Present rates	Original rates Jan. 1, 1963	Amended actual rates Jan. 1, 1963	Jan. 1, 1964	Jan. 1, 1965	Jan. 1, 1966	Jan. 1, 1967
$0 to $2	20	19.0	19.5	18.0	17.0	16.0	15	$26 to $32	62	55.0	58.5	48.0	41.0	34.0	27
$2 to $4	22	20.5	21.25	19.5	18.5	17.5	16	$32 to $38	65	58.0	61.5	51.0	43.0	36.0	28
$4 to $6	26	24.5	25.25	23.0	21.5	20.0	17	$38 to $44	69	61.0	65.0	53.0	45.0	37.0	29
$6 to $8	30	28.0	29	26.0	24.0	21.0	18	$44 to $50	72	64.0	68.0	56.0	47.0	38.0	30
$8 to $10	34	31.0	32.5	28.0	25.0	22.0	19	$50 to $60	75	66.0	70.5	57.0	48.0	39.0	31
$10 to $12	38	35.0	36.5	32.0	28.0	24.0	20	$60 to $70	78	69.0	73.5	60.0	51.0	40.0	32
$12 to $14	43	39.0	41	35.0	31.0	26.0	21	$70 to $80	81	71.0	76.0	62.0	52.0	41.0	33
$14 to $16	47	42.0	44.5	37.0	32.0	27.0	22	$80 to $90	84	74.0	79.0	64.0	54.0	44.0	34
$16 to $18	50	45.0	47.5	40.0	35.0	29.0	23	$90 to $100	87	76.0	82.0	66.0	56.0	46.0	36
$18 to $20	53	48.0	50.5	42.0	36.0	30.0	24	$100 to $150	89	78.0	83.5	68.0	58.0	48.0	38
$20 to $22	56	50.0	53	44.0	38.0	32.0	25	$150 to $200	90	80.0	85.0	70.0	60.0	50.0	40
$22 to $26	59	53.0	56	47.0	40.0	33.0	26	$200 and over	91	82.0	86.5	72.0	62.0	52.0	42

[1] After deductions and exemptions. Applies to single persons, married persons filing separate returns, and "split income" of husbands and wives filing joint returns.

TABLE II.—*Tax computation table—Individuals*

If the taxable income [1] is: Not over $2,000		The tax: Is: Present Law 20% of the taxable income		The tax: Would be: Year 1967 15% of the taxable income		If the taxable income [1] is: Not over $2,000		The tax: Is: Present Law 20% of the taxable income		The tax: Would be: Year 1967 15% of the taxable income	
Over	*But not over*	*Of excess over*		*Of excess over*		*Over*	*But not over*	*Of excess over*		*Of excess over*	
$2,000	$4,000	$400 plus 22%	$2,000	$300 plus 16%	$2,000	$32,000	$38,000	$14,460 plus 65%	32,000	$7,060 plus 28%	32,000
$4,000	$6,000	$840 plus 26%	4,000	$620 plus 17%	4,000	$38,000	$44,000	$18,360 plus 69%	38,000	$8,740 plus 29%	38,000
$6,000	$8,000	$1,360 plus 30%	6,000	$960 plus 18%	6,000	$44,000	$50,000	$22,500 plus 72%	44,000	$10,480 plus 30%	44,000
$8,000	$10,000	$1,960 plus 34%	8,000	$1,320 plus 19%	8,000	$50,000	$60,000	$26,820 plus 75%	50,000	$12,280 plus 31%	50,000
$10,000	$12,000	$2,640 plus 38%	10,000	$1,700 plus 20%	10,000	$60,000	$70,000	$34,320 plus 78%	60,000	$15,380 plus 32%	60,000
$12,000	$14,000	$3,400 plus 43%	12,000	$2,100 plus 21%	12,000	$70,000	$80,000	$42,120 plus 81%	70,000	$18,580 plus 33%	70,000
$14,000	$16,000	$4,260 plus 47%	14,000	$2,520 plus 22%	14,000	$80,000	$90,000	$50,220 plus 84%	80,000	$21,880 plus 34%	80,000
$16,000	$18,000	$5,200 plus 50%	16,000	$2,960 plus 23%	16,000	$90,000	$100,000	$58,620 plus 87%	90,000	$25,280 plus 36%	90,000
$18,000	$20,000	$6,200 plus 53%	18,000	$3,420 plus 24%	18,000	$100,000	$150,000	$67,320 plus 89%	100,000	$28,880 plus 38%	100,000
$20,000	$22,000	$7,260 plus 56%	20,000	$3,900 plus 25%	20,000	$150,000	$200,000	$111,820 plus 90%	150,000	$47,880 plus 40%	150,000
$22,000	$26,000	$8,380 plus 59%	22,000	$4,400 plus 26%	22,000	$200,000 and over		$156,820 plus 91%	200,000	$67,880 plus 42%	200,000
$26,000	$32,000	$10,740 plus 62%	26,000	$5,440 plus 27%	26,000						

[1] After deductions and exemptions. Applies to single persons, and married persons filing separate returns. Joint return taxpayers can find their tax savings by taking the tax on half their taxable income and multiplying by 2.

TABLE III.—*Corporate tax rate reductions*

	Present rates	Jan. 1, 1963	Jan. 1, 1964	Jan. 1, 1965	Jan. 1, 1966	Jan. 1, 1967
Normal tax [1]	30	29	26	24	23	22
Surtax	22	22	22	22	21	20
Combined tax rate [2]	52	51	48	46	44	42

[1] On all net income.
[2] On net income exceeding $25,000.

TABLE IV

TAX SAVINGS BY TAXABLE BRACKETS BASED ON 1962 INCOME LEVELS

Taxable income brackets	Taxable income	Present rates	Tax under present rates	Rates under Herlong-Baker end of 5 years	Tax under Herlong Baker rates	Tax savings	Tax saving percent of total savings
	Millions	*Percent*	*Millions*	*Percent*	*Millions*	*Millions*	
0 to $2,000	$122,889	20	$24,578	15	$18,433	$6,145	43.1
$2,000 to $4,000	35,759	22	7,867	16	5,721	2,146	15.1
$4,000 to $6,000	12,262	26	3,188	17	2,085	1,103	7.7
$6,000 to $8,000	5,976	30	1,793	18	1,076	717	5.0
$8,000 to $10,000	3,545	34	1,205	19	674	531	3.7
$10,000 to $12,000	2,549	38	969	20	510	459	3.2
$12,000 to $14,000	1,952	43	839	21	410	429	3.0
$14,000 to $16,000	1,470	47	691	22	323	368	2.6
$16,000 to $18,000	1,151	50	576	23	265	311	2.2
$18,000 to $20,000	784	53	416	24	188	228	1.6
$20,000 to $22,000	627	56	351	25	157	194	1.4
$22,000 to $26,000	935	59	552	26	243	309	2.2
$26,000 to $32,000	913	62	566	27	247	319	2.2
$32,000 to $38,000	560	65	364	28	157	207	1.5
$38,000 to $44,000	361	69	249	29	105	144	1.0
$44,000 to $50,000	255	72	184	30	76	108	.8
$50,000 to $60,000	282	75	212	31	87	125	.9
$60,000 to $70,000	164	78	128	32	52	76	.5
$70,000 to $80,000	116	81	94	33	38	56	.4
$80,000 to $90,000	79	84	66	34	27	39	.3
$90,000 to $100,000	55	87	48	36	20	28	.2
$100,000 to $150,000	152	89	135	38	58	77	.5
$150,000 to $200,000	67	90	60	40	27	33	.2
$200,000 and over	196	91	178	42	82	96	.7
Total	193,100		45,309		31,061	14,248	100.0

TABLE IV—Continued

TAX SAVINGS BY TAX RATE GROUPS

Taxable income brackets	Present rates	Herlong-Baker rates	Tax savings	Percent of total
	Percent	*Percent*	*Millions*	
$18,000 to $200,000 and over	53–91	24–42	$2,039	14.3
$10,000 to $18,000	38–50	20–23	1,567	11.0
$4,000 to $10,000	26–34	17–19	2,351	16.5
$2,000 to $4,000	22	16	2,146	15.1
0 to $2,000	20	15	6,145	43.1

TABLE V

GROSS NATIONAL PRODUCT

[In billions of dollars]

	Calendar years							
	1963	1964	1965	1966	1967	1968	1969	1970
From 5-percent growth	575	604	634	665	699	734	770	809
From 2½-percent growth	568	582	597	612	627	643	659	675
Additional GNP	7	22	37	53	72	91	111	134
Cumulative additional GNP	7	29	66	119	191	282	393	527

PERSONAL INCOME

[In billions of dollars]

From 5-percent growth	452	475	499	524	550	577	606	637
From 2½-percent growth	447	458	470	481	493	506	518	531
Additional personal income	5	17	29	43	57	71	88	106
Cumulative additional personal income	5	22	51	94	151	222	310	416

PERSONAL INCOME PER CAPITA

[Dollars]

From 5-percent growth	2,385	2,468	2,552	2,638	2,725	2,815	2,909	3,012
From 2½-percent growth	2,359	2,379	2,404	2,422	2,443	2,468	2,487	2,511
Additional personal income per capita	26	89	148	216	282	347	422	501
Cumulative additional personal income per capita	26	115	263	479	761	1,108	1,530	2,031

Patriotic Public Affairs Broadcasting Service

EXTENSION OF REMARKS

OF

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, January 10, 1963

Mr. BOB WILSON. Mr. Speaker, in support of the Federal Communications Commission's desire to encourage all radio and television networks to feature more public affairs programing of a positive, stimulating nature, I include the following remarks concerning the well qualified American Freedom Network:

Back in the days when television made its first appearance on the American scene, the major radio networks understandably focused attention on this new and important communications medium.

Unfortunately, with the concentration on TV, the radio networks suffered, but that, happily, is being corrected. America's AM and FM stations are rapidly regaining lost ground as many discerning broadcasters concentrate their efforts on strong, stimulating, public affairs programing. This is in keeping with FCC admonitions to feature more presentations of this nature.

While serving my former—30th—Congressional District, I was extremely pleased to accept an invitation to serve as a member of the advisory council of the recently formed American Freedom Network—America's independent, nonprofit, nonpolitical, but informational public affairs broadcasting service.

This is an organization—staffed by dedicated, veteran broadcasters—who believe, in the words of Chief Justice Charles Evans Hughes, that our Nation's security is nothing at all unless we "have an uncorrupted public opinion to give life to our Constitution, to give vitality to our statutes, and to make efficient our Government machinery."

The American Freedom Network—not associated with any other group or organization—was founded more than 6 months ago in Bonita, Calif.

I have known Morris C. Allen, chairman of the American Freedom Network's board of directors, for many years. At 73, he remains active as a Bonita real estate broker, as well as in civic and patriotic affairs.

For more than three-quarters of a century, the Allens have been a prominent and highly respected family in San Diego County, tracing their history to the Bradfords of *Mayflower* fame. A Bonita elementary school is named after Mr. Allen's mother—Ella Bradford Allen.

In discussing his participation in the American Freedom Network, Mr. Allen has stated:

I have watched my sons grow into manhood; we have been blessed with eight grandchildren * * * and it is for them, and for all of America's young people, tomorrow's leaders, that I count it a privilege to have been instrumental in making this informational service a reality.

"A little bit of information can be a dangerous thing, and I trust you will concur that Americans must be informed and kept abreast of all sides of important public opinion. I am convinced that radio is the most effective instrument in achieving this end."

I would add there are few Americans like Morris Allen. A man without great financial means, he has mortgaged everything he owns to get this essential project underway. I believe the American Freedom Network is deserving of financial support from all interested citizens.

In addition to Mr. Allen, others associated with the American Freedom Network are—

Jonathon Kirby, vice president and executive director, who founded the organization. Mr. Kirby is an experienced radio-TV news commentator with more than 15 years of service in the broadcasting field. Only recently, Mr. Kirby

was the recipient of the American Legion's Americanism Award and Silver Medal "in recognition of his constant efforts to preserve America and our way of life for future Americans."

Richard Lewis Venturino, director of programing and production, whose long experience in the programing and production aspect of broadcasting, assures the network of a high professional standard for its taped presentations.

Serving on the American Freedom Network's board of directors, in addition to Messrs. Allen and Kirby, are William R. Richards, well-known San Diego attorney; H. L. Michael, Jr., Bonita real estate broker; and James S. Duberg, city attorney for Chula Vista, Calif.

The American Freedom Network, for a minimal charge, provides a complete, varied informational service to America's broadcasters offering, whenever possible, both sides of an issue, in keeping with the FCC's "doctrine of fairness."

In its dedication to the radio industry, the American Freedom Network supplies its member stations with the "tools" to assist them in earning their FCC public affairs credits.

Every week, subscribing stations receive dynamic taped programs and features designed to enhance listener interest. This taped service consists of provocative talks, discussions, interviews, debates, and commentaries by prominent personalities in the various fields of politics, science, business, and entertainment.

The policy of the American Freedom Network follows a positive approach, as opposed to irresponsible denunciations.

In addition to serving commercial radio stations, American Freedom Network programs are made available, upon request, without charge, to college and university radio stations, as well as to schools, both public and private, and to all service, civic clubs, and church groups throughout America.

In these days, when charges of mismanagement of news in high Government circles are being made, I am delighted to publicly commend the American Freedom Network to wish it Godspeed in its determination to present both sides of all issues—free speech in a free country—and I urge all of our fellow citizens to get behind this effort to further enlighten our people concerning America's precious heritage, and to the problems facing our Nation and the free world.

Hon. Ernesto Ramos Antonini

EXTENSION OF REMARKS
OF
HON. JACOB H. GILBERT
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Thursday, January 10, 1963

Mr. GILBERT. Mr. Speaker, I am deeply grieved by the death of the very able speaker of the Puerto Rico House of Representatives, the late Ernesto Ramos Antonini.

It was my privilege to meet the distinguished speaker when I visited Puerto Rico, and I was deeply impressed by his high degree of intelligence, his brilliant mind, his love for the people of Puerto Rico, and his high ideals and strong faith in democracy.

The record shows that he was an outstanding public servant, closely associated with the people, untiring in his efforts in their behalf and largely responsible for the great success of Operation Bootstrap and the economic development of Puerto Rico; he worked in close cooperation with Gov. Luis Muñoz-Marín and Ambassador Teodoro Moscoso to insure the splendid achievements realized in the remarkable development of the island in recent years.

Ernesto Ramos Antonini will be greatly missed and we deeply mourn his loss as a noble leader in the Western Hemisphere.

Independence Day of Libya

EXTENSION OF REMARKS
OF
HON. ADAM C. POWELL
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Thursday, January 10, 1963

Mr. POWELL. Mr. Speaker, on December 24, 1962, Libya celebrated the anniversary of her independence, and we take this opportunity to send warm felicitations to His Majesty, King Idris I of Libya; and His Excellency, the Ambassador of Libya to the United States, Dr. Mohieddine Fekini, on the occasion of the 11th anniversary of Libya's independence.

Eleven years have passed since the nations of the world were witness to a modern Christmas story; for on December 24, 1951, a new nation was born for all the world to proclaim and honor. Libya, so long a pawn and conquered territory of militant powers, became a new member of the world community.

Successive waves of conquest comprise Libyan history, from Phoenician times through Greek, Roman, Vandal, Arab, Turk and Italian, to German and British forces during World War II. All have imparted an important lesson where Libya is concerned—its strategic importance as a crossroads between Europe and Asia.

Libya is primarily a desert. And unfortunately this desert, until the present, has been a deterrent for economic stability and independence. The Romans had built vast irrigation systems to support the large cities which they built in Libya. But through the years, these cisterns and water aqueducts fell into ruin. The newly independent country was in poor straits at its birth. The desert, though, became the succor for the nation when oil was discovered. The discovery of oil in other desert nations in the Mediterranean area led geologists to suspect the presence of oil in the south of Libya, but its production is above and beyond the expectation of any specialist. "Oil" is now the keyword to the country. Its entire economic system is being geared toward an oil economy. As one writer so aptly proclaimed:

> Only 5 years ago, Libya was regarded as little more than a vast empty tract of the Sahara's rock and sand. * * * Within that brief half decade, Libya underwent an economic metamorphosis that has already transformed it into a viable state possessing a dynamic and expanding economy.[1]

By 1965 oil royalties will amount to $500 million. Twenty-one oil companies have established headquarters in the country, with more expected. Development possibilities are unlimited.

Each year, as the world helps the Libyans to celebrate their independence, one and all can review with pleasure the progress that has occurred. Expansion of agriculture and water projects will enable the Libyans once more to call their country a granary as the Romans did during their reign. Confidence in the Government is establishing greater unity throughout the three semiautonomous provinces and will enable the Central Government to carry out without discord its development projects.

The United States has interested itself in Libyan affairs since the Barbary pirates pillaged American shipping. Today the United States has in Libya, Wheelus Field, a tremendous airbase. There are approximately 10,000 Americans stationed or living in Libya. The policies of Libya and the United States are, therefore, closely allied. Recently the crown prince visited the United States on a good-will tour, solidifying the amity of the two nations. It is with great pleasure that we in America recognize the anniversary of the establishment of Libyan independence.

Soviet Three Onsite Inspection Offer Rejected by United States in 1960

EXTENSION OF REMARKS
OF
HON. CRAIG HOSMER
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES
Thursday, January 10, 1963

Mr. HOSMER. Mr. Speaker, on December 19, 1962, Premier Khrushchev wrote President Kennedy that he would permit two or three onsite inspections annually of the Soviet Union in connection with a nuclear test ban treaty. The President replied on December 28, 1962, that he was encouraged and suggested further negotiations. Later, of the Khrushchev two or three statements, Secretary of State Dean Rusk said the United States is "encouraged to believe that the way is now open for some serious talks." On a Voice of America broadcast the President's science adviser, Jerome B. Wiesner, said it "does bring us within shooting distance of some agreements."

Somehow the impression has got around that the Khrushchev letter amounts to some magnificent concession

[1] Stephen Duncan-Peters, Foreign Commerce Weekly, Feb. 5, 1962, p. 208.

extracted from the Kremlin by some wizardry or other of the Kennedy administration.

The truth and fact is that the three onsite inspection proposition was put up by the Soviets in 1960 and rejected by the United States. Here is what was said of it in the Atomic Energy Commission's annual report to Congress dated January 1961 at page 128:

The Russian negotiators at Geneva have offered to permit only three onsite inspections per year in their country for all unidentified seismic events. The U.S. position is that, in view of the fact that more than 100 locatable seismic events of greater than 4.75 magnitude occur each year in the Soviet Union, 20 percent of these should be eligible for inspection (20 inspections per year.)

This quotation is recalled simply as a reminder to those who might wittingly or unwittingly attempt to rewrite history regarding this particular matter.

Congressman Philbin's Unique Tribute to Speaker John W. McCormack

EXTENSION OF REMARKS
OF
HON. HAROLD D. DONOHUE
OF MASSACHUSETTS
IN THE HOUSE OF REPRESENTATIVES
Thursday, January 10, 1963

Mr. DONOHUE. Mr. Speaker, last Tuesday, January 8, 1963, in the House Democratic caucus held here, it was the privilege of the Members on this side to hear the distinguished gentleman from the Third Massachusetts Congressional District, Mr. PHILBIN, deliver one of the most eloquent addresses and tributes ever uttered on such occasion when he nominated, for the continuing speakership of this House, our beloved and revered colleague from Massachusetts, the Honorable JOHN W. MCCORMACK. Of course, the nomination was unanimously approved and that afternoon we wisely and formally reelected Speaker MCCORMACK.

All of us agree with and share in the sentiments so ably expressed by Congressman PHILBIN as he summarily traced the patriotic public service of our great Speaker and reviewed the remarkable talents of his brilliant mind and courageous heart, which have endeared him to all who have ever served with him and which assure that the name of Speaker MCCORMACK will be, forever, an inspiring byword in the legislative history of this Nation.

A great many Members, on both sides of the aisle here, asked me to intercede with my very dear and esteemed friend and colleague from the Third Massachusetts District for the purpose of having his eloquent address included in the permanent record. He graciously consented to permit me to introduce it into the RECORD and Congressman PHILBIN's nominating speech follows:

CONGRESSMAN PHILIP J. PHILBIN'S SPEECH NOMINATING SPEAKER MCCORMACK

Mr. Chairman and members of the caucus, I have a very delightful duty to perform this morning and it comes to me as a very great honor and privilege indeed.

Our dear and highly esteemed and illustrious friend, Hon. JOHN W. MCCORMACK, is one of the greatest Americans who has ever served in the Congress.

He enjoys the highest respect and warmest affection of each and every one of us.

He enjoys the confidence, esteem, and respect of the American people, indeed of the people of the world. To talk of his magnificent qualities and accomplishments seems almost like carrying coals to New Castle.

His service in the House, as we well know, can be measured only in superlative terms. During the time he has been here he has served his district, State, party, and country with a great ability, fidelity to duty, and humanitarian impulse that certainly has never been exceeded in the history of this great Government.

I hardly need, before this distinguished group, comprised of so many warm friends, admirers and supporters, to recount the prolific abundance of natural gifts, talents, characteristics and services that have distinguished the inspiring career of this great American from the colorful and patriotic community of South Boston in my home State of Massachusetts, as he forged his way from the humble precincts of his historic city to the third highest position of trust, honor, and responsibility in the great Government of the United States.

Speaker JOHN MCCORMACK is admittedly endowed with all the attributes of personality, character, leadership, and capacity that make for greatness.

Time and time again, in and out of this great body, the renowned House of Representatives, the greatest deliberative body of its kind in the world, he has demonstrated his true worth as an unsurpassed public servant.

A fearless, articulate, and inspiring leader, a gifted and effective debater, a respected and admired political strategist, a skilled diagnostician of the public will, a truly great heart and great mind, devoted to lofty concepts and objectives of statesmanship, JOHN MCCORMACK is commended and beloved by all of us.

A patriot of the top-most rank, a lawyer and counselor of recognized skill and experience, an eminent parliamentarian, known everywhere for his knowledge, fairness and impartiality, and, above all, a man whose vigorous, determined work in promoting the well-being and welfare of the great rank and file of the American people, the oppressed, the lowly, the exploited, the helpless and inarticulate, wherever they may be, has known no bounds.

Born with a great fighting heart and a buoyant spirit of uplift and regeneration, JOHN MCCORMACK has always been in the vanguard of forward-looking leadership, philosophically, politically, socially, economically, spiritually, and in every other way.

Resolutely committed to the doctrine that our political and parliamentary institutions are valid instruments for promoting the liberty, stability and progress of the Nation, no man has ever labored more ably, diligently, and effectively to further the general well-being of the Nation, protect the rights of those who struggle and toil under our free enterprise system and enlarge and elevate the advantages and opportunities of the American people.

To succeed our late, lamented, dear friend and memorable leader, that great statesman and ever to be esteemed and remembered former Speaker, the great Sam Rayburn, was indeed a task of monumental proportions.

Yet, in a comparatively short time of JOHN MCCORMACK'S noteworthy service as Speaker, our membership, the Nation, and the world recognize the mettle and the high worthiness of the present great Speaker of the House.

In his characteristic way of deep humility, devout dedication to principle and conviction, Speaker MCCORMACK has been something more than the leader of this body. He has been our warm friend, our ready counsellor, our unselfish guide and adviser, our constant sustaining strength.

Confidant and adviser of our Presidents since the 1930's, he has labored with vigor, loyalty, and marked success to implement the legislative program of our cherished former colleague and great President and friend, John F. Kennedy.

As we know, he can be trusted and relied upon to carry out these great tasks of leadership in this session of Congress and in the time to come.

And as in the past, he will carry them out with dispatch, efficiency and a great driving force of sagacious statesmanship that will make for success and victory for the great cause we represent.

To touch a personal note, JOHN MCCORMACK has been my friend since before I came to this body. Just as many of you, I have seen and known him at close range. He is a great man, a great leader, a great American, a great Speaker, and he is a true and loyal friend.

We, as Members of the House, and the people of the Nation, are fortunate indeed, especially in this time of uncertainty and peril, when surging movements of conspiracy and unrest are assailing the pillars of free government throughout the world, as well as in our own Nation, and when we must unite as we will, in an invincible, resolute force against these evils and dangers, to have a truly outstanding, well-poised, experienced, humane leader like JOHN MCCORMACK to guide and counsel us and to join so wholeheatedly with our beloved and esteemed friend, our great President Kennedy, in preserving, protecting, and strengthening the rich heritage of our freedom and seeking peace, understanding, and amity for the world.

Man of deep faith and high destiny; man of profound spiritual beliefs and trust in his Divine Maker; who proudly bears the shield of justice and fair dealing and carries in his big heart an inspirational love of country and humanity; sprung from the people and devoted to their welfare; a true, dedicated, demonstrated believer in the American way of life; a great credit to our great party, the House of Representatives, the Congress, and our Nation, Hon. JOHN W. MCCORMACK is destined to go down in history as one of the greatest statesmen and leaders of the Nation.

The reelection of Speaker MCCORMACK is a foregone conclusion. But I want to say to my valued colleagues that Massachusetts is very proud of our great native son, the distinguished Speaker of the House.

It is with great pride and pleasure that I place in nomination in the Democratic caucus for Speaker of the House the name of our great, esteemed, and beloved friend, Hon. JOHN W. MCCORMACK.

H.R. 71: Restore Economic Freedom to Automobile Financing

EXTENSION OF REMARKS
OF
HON. EMANUEL CELLER
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Thursday, January 10, 1963

Mr. CELLER. Mr. Speaker, 2 years ago I introduced H.R. 71, a bill to supplement the antitrust laws of the United

States against restraint of trade or commerce by preventing automobile manufacturers from financing and insuring the sales of their products. I have introduced again the same measure, bearing the same number.

I presented this bill—and another like it 4 years ago—because I was convinced that such action was essential to stop monopolistic powers and trends in the automobile industry and related businesses. I was convinced that automobile manufacturing should be separated from auto financing and insurance in order to restore free competition to vast segments of our economy and to prevent captive market patterns from totally engulfing the sale of autos and related goods and services.

Events of the past 2 years have strengthened these convictions. Six days of public hearings in 1961 and voluminous statements, documents, and letters established such a strong case that the House Antitrust Subcommittee reported the bill favorably to the Committee on the Judiciary in 1962. With the press of an extremely heavy agenda in the 87th Congress, the full committee did not vote on it. This measure deserves to advance further toward passage in the 88th Congress, and I am confident that it shall.

All of us are gratified that automobile production and sales proved to be one of the highlights in our economy in 1962. But we should not let our satisfaction obscure underlying shackles on economic freedom which endanger us all.

In this past year, the world's largest manufacturer, General Motors Corp., has tightened its hold on the American automobile market, to claim well over 50 percent of sales, and at times nearly 60 percent. Some 80 percent of the U.S. auto market is controlled by only two manufacturers.

Such concentration is not healthy for our economy—neither for business nor consumers. In large part, this concentration has been a fruit of coercion of auto dealers and restraint of trade of sales financing. These abuses led long ago to antitrust indictments of the largest three auto manufacturers and their finance companies, conviction of General Motors and subsidiaries, and consent decrees enjoining certain coercive and discriminatory practices.

Injunctive consent decrees have failed as a substitute for the real remedy of divestiture which the Government originally sought, and to which Ford Motor Co. and Chrysler Corp, agreed if it would apply to all.

Captive markets in auto sales financing have surged, with the control which the dominant manufacturers wield over there dealers. Captive financing is both cause and effect in the manufacturer control over dealers and their sales.

General Motors dealers turned over 67 percent of their new-car sales financing to General Motors Acceptance Corp. in 1960—up sharply from a heavy 56 percent in 1956. These are GMAC's own estimates, prepared at the request of the House Antitrust Subcommittee.

The captive market pattern is equally clear in the dramatically abnormal growth of Ford Motor Credit Co. in its second and third full years of operation. In 1961, this fledgling finance company more than doubled its business with Ford dealers. FMCC apparently more than doubled its business again in 1962, almost reaching that stage in 9 months. It now holds well over $200 million in sales finance contracts.

To appreciate the abnormalcy of this quadrupling of business by one auto finance company, consider that auto sales financing for all financial institutions together declined somewhat in 1961 and will have increased something like 10 percent in 1962.

What sets two finance companies apart from the hundreds of independent finance companies and thousands of banks and other financial institutions? A parent that is the dealer's only supplier of new cars—the source of his livelihood.

Under the GM pattern, now being copied swiftly by Ford, the car manufacturer is the fount for all the dealer's needs—new cars, financing, insurance, parts, and accessories. Another way to express it is "putting all his eggs in one basket."

This is an expression which Ford Motor credit circulated to Ford dealers last March. It quoted a dealer as saying: "A dealer may be reluctant to put all his eggs in one basket. But if FMCC helps him become financially stronger—as I am sure it can—is this so bad? I, for one, think that it is fine."

From reports which have come to me, most Ford dealers have indeed remained reluctant to put all their eggs in one basket, but they cannot afford to offend the factory when their turn comes to start using the factory finance services. Most, I am sure, would gladly trade the real financial strength of real independence for any advantages, apparent or real, of dependence on one source for everything.

The trouble for auto dealers in putting all their eggs in one basket is that someone else gets a tighter grip on the handle.

There are other troubles too. The captive auto financing and insurance pattern poses unfair handicaps for those manufacturers, and wholesalers of autos without such means. Moreover, when dealers must put all their eggs in the manufacturer's basket, monopolistic conditions result in various related markets.

Independent businessmen—insurers, manufacturers, and wholesalers of auto parts and accessories, repair garages, as well as sales finance companies and banks—have told the House Antitrust Subcommittee of being denied the right to compete in GM-controlled markets on their merits—all because of captive financing and insurance controls. If Ford keeps racing in the same direction, thousands more of independent businesses will become casualties.

I should like to make clear that H.R. 71 applies only to the automobile industry. It deals with specific and demonstrated restraints of trade which have been subject of much antitrust criminal and civil court action. It would provide an antitrust remedy at least 25 years overdue. I should like to point out also that divested companies can, and do, survive.

No other industry, to my knowledge, has a comparable economic and legal history to that of the auto industry and related markets. Our concern is not bigness as such, nor finance or other subsidiaries as such. Rather our concern is subversion of free competitive processes.

Businesses which have not misused finance or other subsidiaries to monopolistic ends have no need to fear either new laws nor the long-established antitrust laws under which the automotive giants were indicted and convicted.

In view of the clear need for relief, surely Congress will not stand by and let the free marketplace suffer further restraint by the two automotive giants. Consumers and all businessmen thrive best when goods and services are judged on merit in a free marketplace.

If competition is extinguished in any one sector of our economy, its survival is endangered in all commerce. Suppression of competition means suppression of economic freedom, and political and social freedoms as well.

Passage of H.R. 71 will be a great victory for the free enterprise system.

Pay Increase for the Military

EXTENSION OF REMARKS

OF

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, January 10, 1963

Mr. BOB WILSON. Mr. Speaker, for many months I have been extremely concerned at the delay of the Kennedy administration in pushing for a pay increase for the military, despite the fact that other governmental employees have benefited from pay raises on two occasions since the last general military pay increase in 1958.

Last fall I pledged to introduce, if necessary, and support legislation calling for a substantial pay increase. Included was to be a section correcting the inequities in the pay scales for those retired personnel who left the service prior to July 1958. These retired persons were discriminated against and a great inequity has existed for over 4 years as a result.

A few weeks ago I was heartened to learn that the Defense Department was supporting a pay increase measure amounting to as much as 14 percent in some categories and also correcting the inequities I mentioned previously.

Rather than introduce my version of a pay bill I have decided to defer such action until the administration's measure comes before the Personnel Subcommittee of the Armed Services Committee. As a member of the subcommittee, I recognize that legislation as introduced by the administration is merely the raw material from which a truly effective and meaningful pay bill can be molded by our subcommittee and subsequently by the Congress.

It is the responsibility of the Congress to act with dispatch on a substantial and constructive pay bill for active duty and retired personnel of our military service and I am looking forward to helping to expedite this much-needed legislation.

Independence Day of Cameroon

EXTENSION OF REMARKS
OF
HON. ADAM C. POWELL
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Thursday, January 10, 1963

Mr. POWELL. Mr. Speaker, on January 1, the Republic of Cameroon celebrated her third independence day anniversary, and we take this opportunity to send warm felicitations to His Excellency, the President of the Republic of Cameroon, Ahmadou Ahidjo; and His Excellency, the Cameroon Ambassador to the United States, Jacques Kuoh, on this memorable occasion.

CAMEROONS: A COUNTRY REUNITED

New Year's Day 1960 was a joyous occasion for the thousands of Africans whose home was the French Cameroons. On that day the U.N. trust territory under French administration became the sovereign Republic of Cameroon, the 11th nation on the African Continent to achieve independence. Thus ended a 75-year period of foreign occupation. Germany had declared Cameroon a protectorate in 1884. After World War I the territory was divided between the British and the French as League of Nations mandates. Then in 1946 the Cameroons became U.N. trust territories.

October 1, 1961, was another day for rejoicing in Cameroon, when the British Southern Cameroons joined the former French trust territory to form a federal republic. This event marked the fruition of the Kamerun idea which had emerged with political consciousness in the Southern Cameroons and had gained momentum as the British territory moved toward self-government. Kamerun became the political ideal of the reunification of the two Cameroons. The formation of the Federal Republic was an important event not only from the standpoint of the Cameroons themselves, but also from the larger perspective of continental African political development, for it was the first African experiment in the union of a British territory and a French territory. The educational, linguistic, and legal adjustments of the new union are gradually and most satisfactorily being worked out under the skillful leadership of Vice President Foncha and President Ahidjo.

The successful development of Cameroon is all the more spectacular because of the enormity of the difficulties, pointed out by observers of all kinds, facing the new nation. Ethnologists reminded us that Cameroon, lying at an ethnic crossroads of Africa, contained a "bewildering hodgepodge" of races from Islamic stock breeders in the north to Bantus and Pygmies in the south. Political scientists noted that as of independence day there were some 382 legally registered political parties. Geographers pointed out that the northern and southern sections were divided by a central plateau which effectively discouraged communication. Economists said that the primary crop economy was extremely vulnerable to climatic change and price fluctuations. The pessimists predicted that President Ahidjo would have considerable difficulty in holding together his newly independent country.

But the pessimists were wrong. The Republic has been stabilized. The economy is advancing. Substantial improvements are being made in education. Communications development is under way, and industrialization is being speeded up. When President Ahidjo made a 5-day visit to the United States as the guest of President Kennedy in March 1962, the President of the United States congratulated President Ahidjo for his successful efforts in the progressive development of his country. The two Presidents agreed to encourage commerce and investment between their countries and expressed confidence that the visit had strengthened relations between the United States and the Federal Republic of Cameroon.

The American people add their voice to the congratulations of President Kennedy. To President Ahidjo, Vice President Foncha, and the people of the Federal Republic of Cameroon we express our faith in, and best wishes for, the continued successful development of their nation.

California Defense Dollars Go National

EXTENSION OF REMARKS
OF
HON. CRAIG HOSMER
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES
Thursday, January 10, 1963

Mr. HOSMER. Mr. Speaker, six of the larger California defense contractors recently reported to the California Defense Industries Committee of the Los Angeles Chamber of Commerce procurement data covering the national pattern of their relations with suppliers and vendors for articles, materials, and services.

This compilation of the data is on an annual basis for the various corporate fiscal patterns ending in the 1961–62 period, the most recently available data in each case. Each reporting corporation carries on an intensive procurement and contracting program aimed at the widest possible participation nationally, and in each case a main facet of the total program is the determination that small business receive an equitable opportunity to compete for subcontracts for articles, materials, and services of all kinds.

California defense contractors are doing business in 49 States with all kinds of enterprises from the local hardware store to the giants of industry. Truly, California defense dollars go national.

The six reporting California defense contractors listed $1,608,646,403 in dollars expended in 49 States and the District of Columbia to suppliers and vendors of articles, materials, and services.

Principal States receiving the impact of the California national procurement effort are:

	Percent of total	California dollars
New York	7.976	$128,310,653
Connecticut	6.679	107,441,173
New Jersey	5.555	89,301,969
Ohio	5.252	84,492,287
Massachusetts	3.476	55,919,997
Illinois	2.775	44,645,064
Pennsylvania	2.627	42,263,470

In reporting for this study the companies that reported small business data revealed 37 percent of California procurement dollars to small business; 63 percent of California procurement dollars to large business. By comparison, only 17.7 percent was the national average to small business for fiscal 1962.

The accompanying table shows a percentage breakdown by State of the total procurements reported expended in each State. Truly, California defense dollars go national.

California defense dollars go national—50-State breakdown

	California dollars	Percent of total [1]
Alabama	$1,344,433	0.0835
Alaska		
Arizona	23,716,937	1.4743
Arkansas	395,811	.0246
California	797,918,465	49.6018
Colorado	3,962,904	.2463
Connecticut	107,441,173	6.6789
Delaware	1,496,125	.0929
District of Columbia	1,305,904	.0811
Florida	4,967,319	.3087
Georgia	551,727	.0343
Hawaii	3,517	.0002
Idaho	604,963	.0376
Illinois	44,645,064	2.7753
Indiana	19,648,982	1.2214
Iowa	17,970,482	1.1170
Kansas	211,286	.0131
Kentucky	809,603	.0503
Louisiana	108,463	.0067
Maine	226,251	.0140
Maryland	14,535,750	.9036
Massachusetts	55,919,997	3.4762
Michigan	20,097,718	1.2493
Minnesota	26,262,741	1.6326
Mississippi	431,108	.0267
Missouri	6,978,319	.4337
Montana	8,715	.0005
Nebraska	1,336,837	.0831
Nevada	754,349	.0468
New Hampshire	1,848,212	.1148
New Jersey	89,301,969	5.5513
New Mexico	61,613	.0038
New York	128,310,653	7.9762
North Carolina	1,659,208	.1031
North Dakota	13	
Ohio	84,492,287	5.2523
Oklahoma	3,113,109	.1935
Oregon	6,161,125	.3829
Pennsylvania	42,263,470	2.6272
Rhode Island	1,318,214	.0819
South Carolina	1,004,239	.0624
South Dakota	7,820	.0004
Tennessee	3,158,943	.1960
Texas	41,356,271	2.5708
Utah	496,782	.0308
Vermont	2,208,153	.1372
Virginia	21,325,616	1.3257
Washington	8,919,360	.5545
West Virginia	1,654,813	.1028
Wisconsin	16,270,490	1.0114
Wyoming	58,900	.0036
Total	1,608,646,403	

[1] Will not total 100 percent because of rounding.

Women Strike for Peace and the HUAC

EXTENSION OF REMARKS
OF
HON. WILLIAM FITTS RYAN
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Thursday, January 10, 1963

Mr. RYAN of New York. Mr. Speaker, during December 1962, while Congress was not in session, the American public was treated to a sorry spectacle by a committee of Congress. The House Un-American Activities Committee decision to investigate the Women Strike for Peace and the subsequent hearings again demonstrated that this committee serves no useful legislative function and is antithetical to the principles upon which our Nation was founded. At the time of the hearings I issued a statement which I wish to call to the attention of my colleagues. I regret that on the first day of this session there was no opportunity to offer an amendment to the resolution on the rules of the 88th Congress which would repeal clause 1(r) of rule X and clause 18 of rule XI which provide for this committee. The House will have an opportunity to vote on this issue when the 1963 appropriation for the committee is before it.

The statement follows:

STATEMENT OF CONGRESSMAN WILLIAM F. RYAN CONCERNING THE ACTION OF THE HOUSE UN-AMERICAN ACTIVITIES COMMITTEE IN HOLDING HEARINGS ON THE WOMEN STRIKE FOR PEACE

The announcement by the House Un-American Activities Committee of public hearings with reference to the Women Strike for Peace is another example of the misuse and abuse of legislative power.

The hearings apparently are intended to discredit the Women Strike for Peace and to cast doubt upon the loyalty of those active in it. The action of the committee induces conformity of thought and action and intimidates citizens who are seeking to express their concern for peace.

The spontaneous peace movement in the United States is dramatic evidence of the strength of our democracy. Even at the height of an international crisis, citizens exercised their constitutional rights of petition, assembly, and free speech. However, the committee consistently opposes the spirit of independent inquiry and humane protest. By intimidation and innuendo the committee spreads fear and stifles dissent. The committee has a habit of using its power to expose and punish groups and individuals whose programs and ideas the committee disapproves of.

Disarmament under effective international control and a strong United Nations, imperatives of our time, are stated goals of Women Strike for Peace. A group of citizens working for these goals within our constitutional framework should be commended, not condemned.

The first amendment explicitly protects all ideas and expressions. The framers of the Bill of Rights asserted their belief in freedom of speech and the right to nonconformity at a time when our Nation was new and insecure. We should do no less today.

The committee has said one purpose of the hearings is to determine "whether existing Federal laws are being violated." As Dean Erwin Griswold, of Howard Law School, has pointed out, "a legislative investigation is improper when its sole or basic purpose is to expose people or to develop evidence for use in criminal prosecution" ("The Fifth Amendment Today," Harvard University Press, 1955, p. 48). If the committee has any evidence of violations of Federal law, it should turn it over to the proper law enforcement agencies and not usurp the function of the Department of Justice.

We should be mindful of the words of Supreme Court Justice Black:

"History should teach us, then, that in times of high emotional excitement minority parties and groups which advocate extremely unpopular social or governmental innovations will always be typed as criminal gangs and attempts always made to drive them out. It was knowledge of this fact, and of great dangers, that caused the founders of our land to enact the first amendment as a guarantee that neither Congress nor the people would do anything to hinder or destroy the capacity of individuals and groups to seek converts and votes for any cause, however radical or unpalatable their principles might seem under the accepted notions of the times" (*Barenblatt* v. *U.S.*, 360 U.S. 109, 150–1).

The House Un-American Activities Committee is antithetical to the principles upon which our Nation was founded. Its latest action demonstrates again the need for its abolition.

A Bill To Eliminate Labor Union Monopolies

EXTENSION OF REMARKS
OF
HON. DAVE MARTIN
OF NEBRASKA
IN THE HOUSE OF REPRESENTATIVES
Thursday, January 10, 1963

Mr. MARTIN of Nebraska. Mr. Speaker, I have today introduced legislation designed to eliminate labor union monopolies. This legislation embodies amendments to the Sherman, Clayton, Norris-La Guardia, and National Labor-Management Relations Acts. This is the identical bill which I introduced in the 87th Congress.

Under existing court interpretations, antitrust statutes apply only to industry—prohibiting monopolies; prohibiting price fixing; and prohibiting collusion, but only on the part of management.

We do have monopolies in the field of labor. For instance, the United Automobile Workers Union represents all organized labor in the manufacture of cars, trucks, and farm implements, and so forth, a monopoly in this industry. One union bargains with all of the firms in this field—a monopoly. The same thing applies to steel—the United Steel Workers; coal—the United Mine Workers, and so forth.

Jimmy Hoffa has stated that he intends to have all teamster contracts end on a common date beginning in 1964. Do you realize the power which would be vested in the hands of this one man? He could tie up the economy of this country within a matter of hours. Metropolitan areas would be without perishable foodstuffs, in addition to necessities too numerous to mention. He could bring every city in the country to its knees at his command.

We now have a costly maritime strike in progress which covers the entire Atlantic and gulf coasts. This strike is preventing the shipment of goods to foreign countries, lowering the prestige of the United States in the eyes of other governments; causing American industry to lose business because it cannot make deliveries—leading perhaps to permanent loss of our customers to other countries. With an already serious imbalance of trade, this further complicates the entire situation.

My proposal, for instance, would put an end to this longshoremen's strike which is having such a catastrophic impact on the Nation's economy. Under my bill, bargaining between the parties would have to be conducted by a single employer and the representative of the employer's employees, or as provided in some cases, group bargaining where not more than 25 percent of an industry is involved in the labor negotiation. Also, the featherbedding demands by unions as indicated in the dockworker's strike could never become a labor issue since such restrictive practices are prohibited by my bill.

I wish to emphasize that my bill still allows strikes. It restores union power to the local labor unions and takes it out of the hands of the international unions. I repeat—this bill does not interfere with any legitimate labor objectives but only eliminates those activities not in the public interest. Industry-wide bargaining would be eliminated. It would be illegal for two unions to confer with one another in regard to the settlement of a wage dispute; and, likewise, it would be illegal for the management of two companies to confer with one another in regard to a settlement. You have to treat both sides fairly.

The evil of present industrywide bargaining is that identical labor costs throughout the industry further lessen competition and increase the chances for similar pricing. Bargaining increases costs of production which further place the American manufacturer at a disadvantage in competition with foreign firms.

Recent Department of Labor statistics on strikes and man-days idled in 1962 vividly demonstrate the need for legislation which would eliminate national labor disputes. Figures released for 1962 show that there were about 3,550 strikes, involving some 1,250,000 workers. About 19 million man-days were lost, compared with 16.3 million in 1961.

The Nation can ill afford a continuance of these labor disputes. The passage of my moderate approach to curbing union monopoly power and the abuses resulting from this power would, in most cases, eliminate the ever-growing chaos in the labor relations field. Yet, the remedy would not interfere with any legitimate union activity nor destroy unions or their welfare and pension programs. My bill will put an end to only those abuses we have been facing daily in our Nation; it will maintain collective bargaining without granting further authority to the executive branch of the Government to dictate the terms of a labor contract through such weapons as compulsory arbitration and seizure, which, in my opinion, lead this Nation down a dangerous path of socialism.

Is there a demand for this type of legislation over the country? Yes. The

Institute of Public Opinion of Princeton, N.J., in a recent survey found that 62 percent of the people throughout the Nation favored this type of legislation. In a recent questionnaire circulated in my district, 84 percent replied in favor of curbing union monopolies. The average American citizen, the man and woman on the street, wants this legislation passed—the voice of America without a lobby. Who would like to see this legislation defeated? The heads of the international labor unions whose monopolistic powers would be checked by the passage of this bill.

I can think of no better recommendation than that which appeared in the International Teamsters magazine for September 1962, in which it was stated that my bill was the worst of the lot on this subject; to me, that means it is the best.

Independence Day of Western Samoa

EXTENSION OF REMARKS
OF
HON. ADAM C. POWELL
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Thursday, January 10, 1963

Mr. POWELL. Mr. Speaker, on January 1, Western Samoa celebrated her first independence day, and we take this opportunity to send warm felicitations to Their Excellencies, Tupua Tamasese Mea'ole and Malietoa Tanumafili II, the heads of state of this Republic, on the occasion of the first anniversary of Western Samoan independence.

January the first is a symbol throughout the world for the birth of a new year; to the people of Western Samoa, this date has a special meaning. One year ago, on New Year's Day, Western Samoa was proclaimed sovereign and independent. It is this accomplishment that I wish to commemorate today.

Since its discovery by the Dutch in 1722, the Samoan Islands have played an important part in the history of the South Pacific. Strategically located as a naval station and a crossroads for trading ships, the islands were soon coveted by many nations. The United States sent its first expedition to the islands in 1839 and the first American consul was appointed in 1856. The climax of this particular struggle for possessions abroad occurred in 1889 when the United States, Germany, and Great Britain successfully checkmated each others forces. This led to a partitioning of the islands. The large islands of Opolu and Savaii, with several lesser islands, were awarded to Germany. These became Western Samoa.

As a result of World War I, Western Samoa was wrested from Germany by a New Zealand expeditionary force. Since then, New Zealand has held mandate over these islands, first through the League of Nations, then more recently through the United Nations.

New Zealand recognized the right of sovereignty for her trust territories and a constitution was promulgated in October 1960. Independence was proclaimed on January 1, 1962, thus ending 46 years of New Zealand administration and 70 years of foreign rule.

Samoa today has an approximate population of 113,500, mainly Polynesian, with a birth rate among the world's highest. Its complex constitutional system of government, headed by a dual chiefship and a prime minister, govern Western Samoa with wisdom and caution. Americans, visiting the country, will be able to pay their respects to Robert Louis Stevenson, who is buried near the capital, and who is revered and loved by the Samoans, his adopted people.

The Samoans, who are proud of the fact that they are the first independent Polynesian nation, look forward to a continuous and productive life under their own rule. The able Prime Minister Fiame Mata'afa summarized the sentiments of the Samoans when he said:

> Rooted and responding to the invigorating influences of the modern world, the independent state of Western Samoa will grow and flourish to become an ornament—if only a minor one—to the world community.

It is to this spirit and this nation that I salute the people of Western Samoa on their first independence anniversary.

The 100th Birthday of Billy Frost

EXTENSION OF REMARKS
OF
HON. WALTER ROGERS
OF TEXAS
IN THE HOUSE OF REPRESENTATIVES
Thursday, January 10, 1963

Mr. ROGERS of Texas. One hundred years ago, on January 10, 1863, there was born at Tinesty, Pa., on the banks of the Allegheny River, an American citizen who was named Billy Frost by his proud parents. At 14 years of age this new citizen started pumping oil wells at Oil Creek, Pa., when this business was in its infancy. Some of it must have gotten into his blood, because he has stayed with it through the years and as the great oil fields were discovered and developed, Billy Frost moved from one to the other—from Pennsylvania to Ohio, to Kansas, to Oklahoma, and to Texas.

In 1885 Billy Frost married Miss Effie Jane Thompson, the daughter of a minister. To this union were born two fine sons and two fine daughters. Billy Frost continued his work in the oil game and found his way with his fine family to Texas, in 1927. This was the beginning of the famous Panhandle oil field, which is located in the 18th Congressional District of Texas.

His kindness, good nature, and willingness to help others at all times had won for him the popular name "Uncle Billy," which has stayed with him through the years. As time began to takes its toll, as it does with all of us, "Uncle Billy's" walk became a little slower and his eyesight began to dim, but his great personality remains unchanged and the reasons for continued loving reference to him as "Uncle Billy" have become more pronounced with each year. His host of friends will pay honor to him at the Coronado Inn, in Pampa, Tex., on this, his 100th birthday. All America recognizes the great contribution that he has made to our country and to our way of life, in the exemplary leadership he has furnished in his chosen work.

Fairplay in Congress

EXTENSION OF REMARKS
OF
HON. ALBERT H. QUIE
OF MINNESOTA
IN THE HOUSE OF REPRESENTATIVES
Thursday, January 10, 1963

Mr. QUIE. Mr. Speaker, yesterday we considered a basic change in the permanent rules under which the House of Representatives will function in the future. Our decision is an indication of the attitude with which the House will approach the tasks it faces.

Some people, both inside and outside of this body, have made the claim that the Rules Committee has come to hold too powerful a position with the House of Representatives. These people conclude that the Rules Committee has the power to prevent the entire House from making decisions on various important issues. It is the so-called power to "block" legislation.

The solution which these same people advocated was to permanently expand the membership of the Rules Committee from 12 to 15. This solution was adopted and is simply a power play to control the committee. It is not an attempt to correct any present weakness in the committee.

If it is true that the committee has the ability to block legislation it does not like, having more members will not change that fact. Indeed, a new group will simply have the right to stop legislation which it finds undesirable.

The House has always had a formal written guarantee that the Rules Committee cannot permanently act contrary to the wishes of the majority of the House. That guarantee is the discharge petition. It was used successfully on a major bill as recently as 1960 when a discharge petition for the Federal employees pay raise bill was adopted by the majority of the House.

Whenever we discuss the desirability of any legislation, it is important to know who is determining the desirability. Does the majority of the House make that decision or do most of the members of the majority party of the House? When the Speaker was prohibited during the early part of this century from serving on the committee, it was assumed that such action was intended to make the committee a tool of the majority of the House Members rather than only of the leadership of the majority party.

Increasing the committee size from 12 to 15 members increases the Democratic majority from 4 to 5. Yet, proportionate representation would give the Democrats

a majority of only 3 members on a 15-man committee.

Fair representation of the minority party should always be maintained in any committee. Such should certainly be the case in a committee as powerful as the Rules Committee as was pictured yesterday.

I would have been favorable to considering reviving the 21-day rule. By prohibiting the Rules Committee from holding any bill for more than 21 days this change would correct the situation in which the Rules Committee could block legislation. At the same time, fair representation would be maintained on the committee.

If our concern is to insure that the majority of the House be given the opportunity to express its will on the important issues which come before this body, we should not simply give the power to determine desirable legislation to another group. That is what the present makeup of the Rules Committee does.

In the future, changes should be guided by three factors:

First. Congress should decide whether the Rules Committee should have the power to stop legislation.

Second. If the decision is affirmative, the minority party should be given representative strength on the committee.

Third. If the decision is negative, some means such as the 21-day rule will be necessary to weaken the power of the committee.

This is the only way fairplay in the House of Representatives will be secured.

Washington State Senate Opposes Japanese Halibut Fishing in Bering Sea

EXTENSION OF REMARKS
OF
HON. THOMAS M. PELLY
OF WASHINGTON
IN THE HOUSE OF REPRESENTATIVES
Thursday, January 10, 1963

Mr. PELLY. Mr. Speaker, the Washington State Senate unanimously passed a memorial urging Federal action to cancel recent concessions of the International North Pacific Fisheries Treaty Commission to allow Japan to fish for halibut east of an existing treaty line.

This memorial was adopted 44 to 0 and charged that a halibut fishery conservation program was threatened by the concessions.

On February 5 a meeting of the International Commission is scheduled to be held in Tokyo to consider Japanese proposals for conservation. It seems to me the agreement to allow Japan to cross the line heretofore established by treaty is premature. Conservation arrangements should have been agreed to first.

Once this halibut resource was almost destroyed but through regulation and self-denial of our fishermen the catches have been increasing in the Bering Sea area. Now the question is, Will the Japanese make 30 years of such restraint and sacrifice in vain?

In this connection, Mr. Speaker, let me add that a joint House-Senate congressional committee has scheduled a hearing on February 14 and 15 in Seattle, Wash., to investigate as to whether the halibut Commission's action was justified.

Independence Day of the Republic of Tanganyika

EXTENSION OF REMARKS
OF
HON. ADAM C. POWELL
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Thursday, January 10, 1963

Mr. POWELL. Mr. Speaker, on December 9, 1962, Tanganyika celebrated her first independence day, and we take this opportunity to send warm felicitations to His Excellency Mwalimu, Julius K. Nyerere, President of the Republic of Tanganyika, on this memorable occasion.

TANGANYIKA: FROM COLONY TO REPUBLIC

On December 9, 1961, Tanganyika, a United Nations trust territory under the administration of the United Kingdom, became a sovereign member of the British Commonwealth and the 29th African state to achieve independence. The hoisting of the new green, black, and gold Tanganyikan flag marked the emergence of the first multiracial nation in Africa under African government. As such, it aroused considerable interest in a continent where racial problems have taken their place among the difficulties facing governments. The general optimism that the nation's 9 million Africans, 20,000 Europeans, 80,000 Asians, and 20,000 Arabs could live together in peace and order and in dedication to common goals was engendered to a large extent by the leadership qualities of Tanganyika's first Prime Minister, and now President, Julius Nyerere. Prior to independence British officials had called Nyerere "the key to everything in Tanganyika." The American press stated that "the personality, skill, and absolute dedication of Mr. Nyerere to nonviolence and antidiscrimination against Africans and non-Africans alike" was a key factor which would make a multiracial nation possible. In the not always smooth year since independence we have seen Mr. Nyerere's influence at work both in office and behind the scenes to mold Tanganyika into a democratic republic and a model of nonracialism for the rest of the African Continent to follow.

What is this country over which Mr. Nyerere has become President? Located just to the south of the equator on the Nile-Congo-Zambezi divide, Tanganyika stretches for more than 450 miles along the Indian Ocean. It borders on Kenya in the north and on Mozambique in the south. It is comparable in size to Nigeria and is larger than Texas and Oklahoma combined. Substantial portions of 2 of Africa's "great lakes"—Lake Tanganyika and Lake Victoria—lie within the country's boundaries. It is a land of plains and plateaus, with a humid coastal belt. It is the land where Stanley met Livingstone and where, on the Kenya border, the summit of Mount Kilimanjaro, permanently covered with snow, rises over 19,000 feet from sea level to make it the highest mountain peak in Africa.

When Tanganyika became independent under the leadership of Julius Nyerere and his party, the Tanganyika African National Union—TANU—the government pledged, in Nyerere's words, to lead the people in an all-out fight against poverty, ignorance, and disease. "Uhuru na Kazi," TANU's slogan in the campaign for independence, has increasingly become used as a greeting throughout the country. "Uhuru na Kazi," meaning freedom and work, expresses Tanganyika's faith in the future and determination to fulfill the expectations of her people.

The world was momentarily stunned when Mr. Nyerere resigned from his post as Prime Minister only 6 weeks after independence to devote himself more fully to the chairmanship of the Tanganyika African National Union. Then, in late May the Government announced plans to turn the country into a republic, with a President elected by universal suffrage as the head of state. It became clear that Mr. Nyerere's resignation from office had not been an abdication of power but rather the prologue to his reemergence as President of the Republic of Tanganyika. On December 9, 1962, 1 year after its accession to independence, Tanganyika became a republic with Julius Nyerere its first President.

In commemorating the anniversary of Tanganyika's independence we commend President Nyerere and the people of Tanganyika for their untiring efforts in transforming Tanganyika from a colony to a republic. We wish them every success for the future.

A Deepwater Port for Indiana

EXTENSION OF REMARKS
OF
HON. J. EDWARD ROUSH
OF INDIANA
IN THE HOUSE OF REPRESENTATIVES
Thursday, January 10, 1963

Mr. ROUSH. Mr. Speaker, yesterday I introduced a bill to authorize the construction of an Indiana port on Lake Michigan. Ever since I began my political life in Indiana, I have been *talking* to people all over our great State about the potential for development which such a port would present. The people of Indiana know the benefits which can be gained by the development of this deepwater port, and they share my enthusiasm for an Indiana port.

The road by which progress travels is always a hard one. There are always many obstacles, there are always delays, there are always disappointments and the path followed by this progressive proposal has provided no exception. Discussion of the Indiana public port predates concrete development of the St. Lawrence Seaway. A full 80 years

before the congressional Deepwater Seaways Commission report of 1896 suggested the development of the St. Lawrence Seaway, the statesmen of early Indiana recognized and protected Indiana's right to a harbor. By having the Indiana State boundary moved 10 miles north of the line established by the Northwest Ordinance, these early leaders laid the groundwork for our port development today.

By the establishment of the 36-mile coastline on Lake Michigan the political leaders of Indiana established our claim to a water access at the time of our introduction to statehood. Now, after years of bipartisan effort on the part of leaders of the State, our plans are formulated, our authority is developing, and we look forward to the early construction of our deepwater port.

The economic feasibility of the operation of a port at Burns Waterway is well substantiated. Scholarly economic presentations developed by Indiana University, various State agencies and private sources indicate that the Indiana deepwater port can become an important transportation center and an economic success. Preliminary work by the Indiana Port Commission indicates, without doubt, that previous estimates as to the economic potential of the port have been very conservative.

The navigational plan developed for this harbor is not only adequate but quite attractive. The approach and entry pattern, I am told, is one of simplicity and ease of management. For example, in tug service alone, a grain-carrying vessel would save $1,055 per trip, for tugs will not be needed at the proposed Indiana Waterway Harbor.

I am proposing the development of an additional transportation facility for my State and for the Nation. History has shown that the access to water routes has, since the advent of recorded history, been a primary determinant in the economic progress of nations. Those nations and states and cities with access to this most economical form of transportation have prospered and have become the trade, population, and cultural centers of the world. Certainly, areas without such water commerce facility have also developed successfully but they have prospered in spite of transportation hardships.

Indiana is a State which has developed richly in both industrial and agricultural productivity. The richness of our soil and the skill of our farmers has combined to make Indiana an important part of America's food-producing Midwest. The industrial ingenuity and the quality of our workmen have contributed to our industrial progress.

Located as we are, at the crossroads of America, Indiana's industrial and agricultural capacity is important to the entire Nation. The food we produce is easily available to feed the people of the country. The goods we manufacture are easily available to fill the needs and wants of all Americans because we are located in the very population center of the continental United States. But to expand our industrial development, to provide further markets for our agricultural abundance and our rich natural resources, Indiana needs access to inexpensive water transportation which can be provided by the Burns Waterway Harbor.

The development of the harbor is consistent with the national transportation policy. Indeed, the national transportation policy dictates its development because the needs of commerce cry out for the development of this additional transportation facility in our State.

Indiana is the only State bordering on the Great Lakes which has no public deepwater port; no door to the trade routes of the world. Since the St. Lawrence Seaway has provided Great Lakes ports with access to the world's great commercial centers, the importance of our harbor has taken on added significance. We now have the opportunity of making the industrial goods, the natural resources and the agricultural products, in which our State so abundantly abounds, available to the markets of the world. The key, of course, is the Indiana public deepwater port.

Let us look for a minute into the world of the future. We are discussing today the potential of the needs of commerce in Indiana and the benefits which an additional transportation facility can contribute to this commercial development.

I believe the greatest hindrance to our clear analysis of this problem lies in the inadequacy of our standards of judgment. I do not question the analyses made by so many learned and competent men, but I question the accuracy of any one of us to completely comprehend the potential for future growth and development of our area.

Who of us will predict, with any confidence in its accuracy, how much the population of our State and its environs will grow in the life of this project? Who will estimate the gross commercial product of our area for the next 50 years, and rest comfortably on that estimate? Who will suggest the maximum agricultural productivity of the great Midwest after the production explosion of the last decade and a half? We are incompetent judges of tomorrow's world because we are tied to the standards of today in making our analyses. We cannot fully comprehend the wonders of tomorrow's life because the frailty of our nature forces us to depend, for our premises, upon sensations which we have experienced.

Our Nation is built on growth and our society, our economy, and our future is geared to grow. Change is the only constant value in our society and the change pattern is one of growth.

Economic need for the Burns Waterway Harbor is clearly established in the world of today. Certainly the unlimited potential for the commercial development of the area adds further impetus to the favorable report on these navigation improvements.

There is clear and evident need for the development of the public harbor at Burns Waterway. The State of Indiana is determined to carry through its development of the facilities which are its responsibility. I trust that the Federal Government will move forward in good faith to initiate action on the navigational improvements which are its responsibility. There are 53 federally improved harbors in the 8 States on the Great Lakes waterways in the United States today. Construction of a second Indiana project to allow the State to develop its only deepwater public harbor seems fair and just.

Mr. Speaker, my State is a great State but its greatness cannot always be measured by its proud history. Its greatness must also be measured by its willingness to meet and accept the challenges offered by the hope of an even greater future. I personally look upon this dream and this endeavor as a step by the people of Indiana to justify our heritage of greatness. It is a real and challenging expression of a progressive spirit.

Mr. Speaker, I trust that, in the very near future, this proposal might receive the approval of this House. Indiana will be very grateful.

Copyright—New Frontiers

EXTENSION OF REMARKS
OF

HON. EMANUEL CELLER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, January 10, 1963

Mr. CELLER. Mr. Speaker, under leave to extend my remarks in the RECORD, I am pleased to include my remarks before the American Guild of Authors and Composers on November 14, 1962, at the Hotel New Yorker in New York City:

Now that the American people have chosen their Representatives and we are on the threshold of the 88th Congress, it seems peculiarly appropriate to review with the distinguished members of this guild the strengths and weaknesses of the Nation's copyright laws and the immediate prospects for their improvement as a protection for the authors and composers of music. What are the new frontiers in copyright?

Both as a private citizen and as chairman of the House Committee on the Judiciary, I have long been interested in the drama and musical arts—as a musician, a devotee of opera, a student, and a champion of the rights of all creators of American music, whether serious or popular. The jurisdiction of our committee includes measures affecting copyrights, but it is not merely concerned with the technical aspects of copyright legislation. The committee has the solemn duty of guarding the intellectual property of composers and authors, and of making sure that as our civilization grows more complex, American native talent will continue to be encouraged by receiving a just return from the commercial exploitation of its works.

For it must be recalled that the copyright law of the United States is founded on the constitutional provision (art. I, sec. 8) which empowers Congress "* * * to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries."

The Constitution thus envisages two purposes in providing for copyright. It wishes to foster the useful arts and it proposes to do so by rewarding authors for their contribution to society. Obviously these two purposes are closely related.

The last general revision of the copyright laws occurred in 1909. We have gone from a horse-and-buggy day to a nuclear age. Tremendous changes in technology have taken place in the intervening half century. These have fostered entire new industries and new methods for the reproduction and dissemination of literary and artistic works. In consequence the 1909 statute is no longer adequate in its application to present-day conditions. It is like measuring the tail of a pig with the tail of a comet. Among the respects in which the copyright laws fail to achieve the constitutional objectives are a number of shortcomings which peculiarly affect songwriters and composers—notably the present inadequate term of copyright protection, the outmoded jukebox exemption, insufficient sanctions against the counterfeiting and piracy of phonograph records, the compulsory license for the recording of music, and the awkward and unsatisfactory provisions governing renewal and reversion of copyrights.

Past efforts to bring the copyright laws up to date have failed, largely, according to the Register of Copyrights, because of controversy among various private interest groups having a stake in the matter. In 1955, however, Congress provided funds for a comprehensive study by the Copyright Office as the groundwork for a general revision and in 1961, after much study, the Register issued a tentative report containing detailed recommendations.

These recommendations in large measure meet the proposals of your own group as to major matters, though varying in some areas and in particular details. Widespread discussions of the Register's report were undertaken and are still in progress, with your organization taking a leading part. What is more, the Copyright Office has now turned its efforts to the drafting of a comprehensive bill which, in turn, will be the subject of extensive study by interested parties before it is submitted to Congress. It is hoped that, with the genuine cooperation of organizations interested in the project, such submission will take place during the forthcoming 88th Congress.

While waiting for the legislative proposals of the Register, the 87th Congress has not been idle in this field. With respect to the term of copyright, for example, Congress was called upon, as an emergency measure, to take steps to prevent the expiration of renewal terms of copyright during the period which still must elapse before the enactment of overall legislation. The present term of copyrights, as you know, is 28 years from first publication or registration, renewable during the 28th year by certain persons for a second period of 28 years. One criticism of existing law is that today the United States is the only important Western power in which it is possible for a copyright to expire during the life of the author. The Register's 1961 report recommends that the maximum term be increased from 56 to 76 years. Under this recommendation the basic term would continue to run for 28 years, and would be renewable for a second term of 48 years. Although some groups, including your own, prefer a term of protection that would endure for the life of the author and for 50 years thereafter, as is the rule in many European countries, all interested parties appear to agree that the present term of copyright is unduly short. Meanwhile, existing renewal terms were continuing to expire and would be lost forever.

In this context, I introduced House Joint Resolution 627, which extends the duration of copyright protection temporarily. As enacted, this measure continues until the end of 1965 the renewal terms of all copyrights subsisting on September 19, 1962, the date on which President Kennedy approved my measure. It thus provides an interim suspension of copyright expirations pending the enactment of detailed overall copyright legislation. Originally this bill proposed to extend copyright terms until the end of 1967, but the subcommittee accepted the argument of the Register of Copyright that a temporary extension of that length might unduly impair the incentive of interested parties for achieving agreement on an overall revision.

Another significant congressional achievement of the 87th Congress in this area was the enactment of my bill outlawing the vicious traffic in counterfeiting phonograph records. Hearings before the Copyright Subcommittee of the Committee on the Judiciary elicited testimony from representatives of phonograph record manufacturers, music publishers, and composers and performers of music to the effect that there exists a widespread practice of counterfeiting phonograph records, including labels, produced by reputable phonograph record manufacturers and selling them in interstate commerce in competition with the genuine articles. In 1960, alone, it was estimated, this practice drained more than $20 million from the legitimate music industry. Typically, the counterfeiter takes hold of a legitimate phonograph record manufactured by a reputable concern and containing a popular song or arrangement. He makes copies of the recording and of the label as well. Then he palms off his counterfeit copies as the genuine products of the manufacturer whose label and recording he has appropriated.

Because the counterfeiter operates outside the law, paying no compensation to artists, no arrangers' fees, no copyright royalties, and no excise taxes, he is able to sell his illegitimate and often mechanically inferior records to jobbers and dealers at prices far below those charged by the legitimate manufacturers whose work has been forged.

The victims of this unconscionable practice are many. They include songwriters and publishers; record manufacturers, distributors, and dealers; recording artists and musicians; manufacturers of phonographs; and the U.S. Government. The songwriters, publishers, artists, and musicians are deprived of their royalties. The record industry is denied its legitimate profits. The Federal Government is robbed of its excise and other taxes. And the music-loving public, often as not, receives a mechanically imperfect product. This in turn injures the reputation of the artists and of the manufacturers of records and sound equipment, because the public naturally attributes the mechanical defects of the counterfeit record to the producers of the real thing.

The few State laws which attempt to deal with the problem impose relatively ineffective fines. Counterfeiters are happy to pay such fines, regarding them as in the nature of licenses.

Inasmuch as counterfeit records are being shipped in interstate commerce across State lines, I believe it essential to the proper administration of justice that Congress should enact a Federal criminal statute that would add the power and weight of the Federal Government to State and county law enforcement agencies. Accordingly, I introduced and Congress enacted H.R. 11793, a bill that amends the Federal Criminal Code by declaring the traffic in counterfeit records to be a criminal act, subject to fine and imprisonment.

I believe that it is significant that both of these measures—the copyright extension bill and the counterfeit record bill—underwent amendment before they were enacted. I cannot emphasize too strongly the necessity for flexibility and compromise in the area of copyright legislation. In the copyright extension bill, as I have said, Congress accommodated the need of copyright owners to be saved from unnecessary extinction of their right to the equally urgent need of the Register to avoid a flagging of interest in a final agreement in overall revision. I believe the accommodation was a wise one.

Similarly, the counterfeit record bill underwent revision by the Senate, which sharply reduced the penalties provided by the House bill. This took place near the end of the session. Our House committee was faced with the alternatives of accepting the Senate amendments and the greatly reduced penalties, or asking the Senate for a conference. In the second alternative, it is possible that we might have come out with a stronger deterrent; on the other hand, we might have come out with nothing at all. In this context committee staff consulted the principal proponents of the measure, representatives of phonograph record manufacturers. These persons wisely expressed their preference for a bird in the hand. I think this was much to their credit. One must stretch one's feet according to one's blanket. The measure, as amended by the Senate, was enacted; trafficking in counterfeit records is now a Federal offense; and the investigative agencies of the Federal Government can be enlisted to stamp it out. A new deterrent has been placed on the books and, should the penalties prove inadequate, they can easily be revised upward.

There is one area, however, in which the spirit of compromise and accommodation has not yet borne fruit. I refer to my unceasing efforts to bring about the repeal of the anachronistic and outmoded jukebox exemption.

Through the years, Congress has amended the provisions of the copyright law to protect authors and composers in the commercial exploitation of their creative works by requiring users to pay reasonable fees to copyright owners for the sale or use of their property. Radio and television broadcasters, concert halls, movies, hotels, cabarets, wired music—all these industries pay composers of copyrighted music for the right of commercial performance. The sole exception is the coin machine operator—the corporation that owns and leases coin machine phonographs to taverns and restaurants. To quote the Register of Copyrights, "Jukebox operators are the only users of music for profit who are not obliged to pay royalties, and there is no special reason for their exemption. The jukebox exemption should be repealed or at least replaced by a provision requiring jukebox operators to pay reasonable license fees for public performance for music or profit." With this statement I agree. The use of copyrighted music on jukeboxes for profit without so much as a by-your-leave to the composers of such works is nothing less than legalized piracy.

In the 85th and 86th Congresses, I introduced bills to repeal the jukebox exemption. In June 1959 the Copyright Subcommittee of the House Committee on the Judiciary held extensive hearings on my bill, H.R. 5931. Witness after witness testified to the injustice and inequity of the out-of-date copyright law which was enacted in 1909, 21 years before the modern machine phonograph made its appearance. Helen Sousa Abert, daughter of the late John Philip Sousa, told the subcommittee: "A songwriter is entitled to compensation during the short term of his copyright from all sources which perform his work publicly for profit. The jukebox is certainly performing copyrighted music for profit."

The subcommittee also heard from qualified witnesses that the jukebox industry is today a $500 million industry—purchasing popular works at wholesale prices and selling renditions of the music at 10 cents a play. Coin machine performances of recordings are clearly performances for profit; but under existing law the composer receives no royalties for them.

On the other hand, the coin machine operators make the plea that they cannot afford

to pay such royalties, that they fear that outright repeal of the present exemption would leave them at the mercy of the copyright owners who might charge them unconscionable fees.

Thus, embraced in controversy, the antiquated 1909 jukebox exemption remains unchanged. But it should be changed, and Congress must act responsibly to find a path of justice in this matter.

In August 1958 a subcommittee of the Senate Committee on the Judiciary reported favorably a bill to repeal the jukebox exemption. In the report on this measure there were several references to a possible compromise solution of the problem, offered by the National Beverage Association. This proposal envisaged the payment of between $15 and $25 per annum per coin-operated machine, depending upon size. Even Mr. George Miller, president of the Music Operators of America, Inc., originally expressed interest in this proposal and the House Judiciary Committee staff attempted to schedule a conference for the purpose of discussing it. This conference, however, could not be arranged, the operators having apparently lost all interest in discussing a possible area of agreement.

In the 87th Congress I again introduced a bill to repeal the jukebox exemption, H.R. 70. Along with the Register of Copyrights, many public-spirited citizens—authors, newspaper columnists, actors—have endorsed H.R. 70. The Department of State supports it. The American Bar Association, the American Patent Association support it. But because of the controversy that surrounds this matter, some Members of Congress may feel that a blanket repeal of the exemption is not the best answer, because the coin machine operators and the music copyright owners might not be able to agree on fair and equitable royalty in negotiations. Accordingly I introduced, as an alternative to H.R. 70, a new bill, H.R. 12450, which would not only provide for the payment of royalties by jukebox operators but would also establish trustees with an obligation to provide for the fair and orderly determination of the amount and the proper distribution of such royalties. Hearings were scheduled on these bills but had to be canceled because of the unavailability of necessary witnesses.

In the new Congress I shall again introduce legislation for the purpose of eliminating this grossly unfair provision of existing law and I shall do everything in my power to see to it that this legislation is given a very high priority.

In appraising the reasons for the failure of Congress thus far to remedy this unconscionable situation, I believe that the members of your guild—as well as all members and friends of the songwriting profession—have an indispensable role to play. Because of the inability to foresee the development and popularity of the coin-operated phonograph, the jukebox industry has been able to reap large profits from the exploitation of music and at the same time to deprive the songwriters of their just share. The songwriters must bring the justice of their position to the attention of the Members of Congress, not only in the large urban centers but also the less populated areas. I am confident that when the issue is thoroughly understood remedial action will inevitably follow.

I believe that all auguries are peculiarly favorable for substantial progress in copyright law reform. The Federal administration has uniquely manifested its interest in cultural affairs, having for the first time appointed a Special Presidential Consultant on the Arts, the Honorable August Heckscher. The President and the First Lady have manifested great zeal in fostering the arts in this country. They have in many ways shown that we do not live by bread alone. The Congress will be increasingly alert and sympathetic to these problems, having worked with them, and it is your job to make us wholly conversant with your needs and problems. The Copyright Office is diligently tackling the challenging task of drafting legislation. Last, but not least, distinguished organizations like your own with specific stakes in copyright legislation are lending their expert assistance to the Register in attempting to accommodate competing interests and minimize conflicts among groups. It is hoped the new Congress will see the introduction of a general revision bill supported by the greatest possible consensus. In this work, no less than in the work of legislators, patience, statesmanship, recognition of the other fellow's needs, and an eye to the public interest are indispensable. Above all you must learn patience. Patience is bitter but it bears sweet fruit. From what I have seen of their work, I am happy to say that your own president, Burton Lane, your counsel, Mr. Kellman, as well as the members of your copyright committee, admirably combine these qualities and seem uniquely fitted to represent the interests of your guild in this vital area. I am confident, also, that the public interest will be furthered by their continued efforts.

Congress Must Control REA

EXTENSION OF REMARKS

OF

HON. JOHN M. SLACK, JR.

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, January 10, 1963

Mr. SLACK. Mr. Speaker, most of us will recall the debate in this Chamber late in the last session when the House had under consideration the appropriation bills for the Department of Agriculture, and several pertinent questions were raised concerning operations of the Rural Electrification Administration. At that time due credit was given to REA for its gratifying accomplishments in the pursuit of its assigned objective—the transmission of electric current into rural areas where the standard of living had been held to minimum levels because of the lack of an electric power supply.

At the same time many Members indicated that they were disturbed by the growing tendencies exhibited by REA to branch out into other fields, without any directive to do so by the Congress, and to thereby enter into direct competition with private industry while holding an insuperable advantage through REA use of low-interest Federal funds. In this connection Congressman ROBERT MICHEL, of Illinois, has recently published in the Public Utilities Fortnightly an outspoken and discerning article which underscores a fundamental issue yet to be resolved satisfactorily. I commend this statement to your attention because I am firmly convinced that, sooner or later, we must grapple with this problem realistically, and determine by congressional action the ground rules within which REA must operate.

The article follows:

A student of government once made this wise observation: "Irresponsible bureaucracy can be made responsible most quickly through financial control. The legislature is the logical agency to exercise it and thereby restore democracy in administration."[1]

The Rural Electrification Administration today is an outstanding example of "irresponsible bureaucracy." Although some of this irresponsibility may be attributed indirectly to the failure of Congress to exercise sufficient supervisory control over this agency, it is Congress and Congress only, as the legislature, that is "the logical agency" to "restore democracy" in the Rural Electrification Administration.

What has gone wrong? Essentially, Congress has not adequately exercised its constitutionally granted "financial control." But there is much more to it. As long as REA was doing what it was suposed to do, according to the law as it was drafted in 1936 and according to the intent and purpose of the founders of REA, Congress could rightly delegate its "financial control" to the Administrator. But this is 1962, not 1936. Conditions and circumstances have changed. Above all, by a steady process of pyramiding one twisted interpretation of its basic statute upon another, REA is now headed in a direction never intended by its creators, the Congress.

Today REA is basically a Federal power agency. The words "rural" and "farm" have little meaning in terms of its program. It is even using Federal funds—the public's money—to help Federal power agencies bypass Congress in their efforts to build a nationwide public power system. In the absence of the "financial control" that Congress should exercise and does not, REA has taken upon itself the task of attempting to direct national power policy, and, even more disturbing, to actually establish national economic philosophy. This is not, and can never be, the function of bureaucracy. REA today is violating virtually every precept of its founders. The need, therefore, has become pressing for Congress to step in and take control.

Look back for a moment. In 1936, American agriculture had been in a depressed condition for nearly two decades. Farm income was low, farms were widely scattered and, in some cases, relatively inaccessible. Despite the fact that land-grant colleges, national farm organizations, electrical manufacturers, and many of the Nation's power companies had been engaged in serious research programs, and positive efforts toward extending central station electric service to farms for over a decade only, about 11 percent of the farms were actually electrified. Under these conditions, and in an effort to stimulate the overall national economy, there was ample justification for the Congress to approve a program to promote farm and rural electrification.

Under the REA program, rural electric systems are 100 percent debt financed by the Federal Government. In the early years, borrowers had little or no equity in their systems. (These same cooperatives now have total assets of over $3.5 billion and an equity of nearly $700 million—or 20 percent—in their systems.)

Over the intervening years the REA grew largely with little or no congressional direction or supervision. At the same time, a radical change was taking place in the farm economy. Income improved steadily. Today, the whole farm economy is generally up as the capacity of American agriculture to produce has expanded. And, according to the latest available statistics from the REA, almost 98 percent of the Nation's farms are electrified. The task of bringing electricity to rural America is virtually complete.

INITIALLY FOR DISTRIBUTION

A cardinal fact to remember is that Congress originally intended rural electric cooperatives to secure their electric power,

[1] Prof. Harvey Walker in "The Legislative Process."

wherever possible, from existing power sources. They were to be primarily distributors of power. They were not to build generating plants unnecessarily. This was clearly understood by REA. Early in 1936, Morris Cooke, the first Administrator of the REA program, stated before a committee of the House of Representatives that "in 99 instances out of 100, they (REA cooperatives), are going to buy current from existing plants." The late Honorable Sam Rayburn, who introduced the bill in the House, had this to say: "By this bill we hope to bring electrification to people who do not now have it. This bill was not written on the theory that we were going to punish somebody or parallel their lines and go into competition with them."

These comments indicate that there was some concern even then that the REA program might become a means of using Federal financing to compete unfairly with existing free enterprise and to do a job that others are ready, willing, and able to do. It is clear from the record that Congress was assured that this type of activity would not be carried on. So, with the belief that REA would be a noncompetitive type of program designed to supplement the activities of others in their efforts to electrify the rural areas of our country, support for the program was widespread.

Apparently in keeping with the promise of obtaining power from existing sources wherever possible, loans for generation and transmission, as against loans for distribution, constituted only about 3 percent of total REA loans over the period 1936–41. By 1950, however, this had risen to 18 percent. By 1961, the percentage of generation and transmission loans made up to that year had risen to 25 percent. In fiscal year 1962, a new record for G. & T. loans was set with more than 59 percent of all REA electric loans for the year being approved for this purpose; and, for fiscal 1963, it is estimated that between 65 and 70 percent of the electric loans will be for generation and transmission purposes.

The obviously changing character of the REA has not gone unnoticed. Because the very thing that the original founders tried to guard against was happening, attention has been focused on the problem.

Widespread controversy has been evoked by (1) new administrative policies of REA concerning the granting of generation and transmission loans, (2) the cloak of secrecy surrounding loan applications, and (3) the subsidizing of industry through rural electric cooperatives.

Increasingly, REA loans are financing generating facilities of giant "super cooperatives" so that they can create an autonomous, nontaxpaying, and generally unregulated electric supply system to compete with private power sources, contrary to the coauthor of the original act, the late Mr. Rayburn, who said they did not intend to go into competition with anybody.

Prior to last year, it was REA policy to award generation and transmission loans only (1) where no adequate dependable source of power was available in the area to meet the borrower's needs, or (2) where the rates offered by existing power sources would result in a higher cost of power to the borrowers than the cost from facilities financed by REA. This was based on the announced policy of the first REA Administrator to Congress when the question of generating loans was discussed during debate on the 1936 act.

The present Administrator of REA, Norman M. Clapp, has stated, however, that it is not enough to judge the desirability of generation and transmission loans on the basis of adequacy, dependability, and low cost of power. On April 21, 1961, Mr. Clapp, in a speech before a Louisiana electric cooperative, said, "We must be certain that cooperatives enjoy a supply of power which will guarantee the cooperative device a permanent place in the American power industry."

On May 31, 1961, the Administrator announced a third criterion for G. & T. loans apparently aimed at enabling him to accomplish his previously stated goal. This new third criterion provides that, in addition to the two original criteria, loans for generation and transmission can be made "where generation and transmission facilities are necessary to protect the security and effectiveness of REA-financed systems." This completely nullifies the two above criteria which, if administered fairly, carry out congressional understanding and approval of REA G. & T. policy.

EXISTING SUPPLIERS PROTEST

Under this new philosophy abuses of the REA program have been mounting. At least 10 large loans totaling over $215 million have been approved in recent months for cooperative generating plants which will not fill any power shortage. All these loans were made over the protests of existing power suppliers that all present and anticipated future cooperative power needs would be provided and at a price cheaper than it would cost the cooperatives to generate it themselves.

A $60 million loan to an Indiana generating cooperative, heralded by REA as the largest loan in its history, was approved on June 15, 1961. When it became evident that the Indiana Public Service Commission might disapprove this loan as unnecessary, the cooperative switched the loan to another cooperative in an obvious and blatant circumvention of the rights and powers of the State commission.

Last November a loan of over $20 million was made to the Alabama Electric Cooperative to build a 66,000-kilowatt steamplant. This loan was made although REA's own published figures show that the local electric company is supplying power of the G. & T.'s member co-ops at a cost to them less than that G. & T. is now selling power to its members.

Not only is the total amount being loaned for generation and transmission facilities increasing each year, but the size of the individual loans is, on the average, becoming larger. With individual loans now running into the multimillion-dollar figures, Congress needs to take a closer look at the G. & T. program to make certain that loans of this size are necessary and in the public interest. A loan application has been filed by REA borrowers in Louisiana totaling $53 million for the construction of two 100-megawatt generating plants and nearly 1,800 miles of transmission line. This is enough transmission mileage to crisscross the State from north to south and from east to west five times. If this loan is approved out of funds made available by the 1963 appropriations bill, it will require one-eighth of all the money Congress approved for REA loans for 1963. Certainly, under such circumstances the Appropriations Committees of Congress should review a loan of this magnitude.

It has also become evident that REA loans under section 5 of the act, intended primarily to assist farmers to utilize the electricity the REA program was bringing to them, are now being made to subsidize industry.

Section 5 of the 1936 act authorized the REA to make loans to finance electrical and plumbing equipment for persons in rural areas. During recent years, REA limited loans under this section to facilities for rural households and farmsteads. But the present administration has made section 5 loans for such diverse purposes as the purchase and installation of gravel-crushing and washing machinery, for the purchase of a snowmaking machine for a ski resort, and for the purchase of textile machinery for a private textile mill. Incidents such as these force one to view the House Agriculture Committee's statement that it "feels that REA's present interpretation of section 5 of the 1936 act is inconsistent with the original intent of Congress" as a gross understatement.

LOW INTEREST RATE

The public money that REA is using to finance such industrial electrical machinery through section 5 loans is, of course, loaned to borrowers at the below-cost, taxpayer-subsidized interest rate of 2 percent.

With the aid of this public money REA is therefore subsidizing industry, not to help the farmer, but merely to expand its own bureaucratic activities.

The Administrator also states that section 5 funds will not be used for financing industrial machinery until an industry has exhausted all other sources of credit. This may be the Administrator's policy, but the REA staff apparently is more interested in making loans than checking out the efforts of prospective borrowers to first obtain alternative borrowing sources. A case in point is the loan to finance snowmaking machinery for a ski jump. An official of the REA borrower making the loan testified before the House Agriculture Committee on the Food and Agriculture Act of 1962:

"Chestnut Hills [the ski resort] is our biggest load, and it promises to grow bigger every year. That is one important reason why our co-op agreed to make a loan [under sec. 5] to the company when the company could not get financing for snow-making equipment from any other source, including the Small Business Administration." (Pt. 2, p. 968.)

In reply to my query to the Small Business Administration as to whether the ski resort had applied to SBA for a loan, the Small Business Administrator wrote on March 22, 1962:

"This will confirm advice given to * * * your staff concerning the status of the loan inquiry made by Chestnut Hills Resort, Hanover, Ill. No loan application has been filed with this agency."

In short, if I could obtain such information by merely addressing a letter to SBA, why wasn't REA able to ascertain this fact? Obviously, REA made no real effort to verify the extent of other efforts to obtain financing when processing this section 5 loan. REA was apparently too interested in loaning its subsidized money and building up its own bureaucracy to check out all the facts it needed. If this is an example of REA efficiency in processing a relatively small loan amounting to only $30,000, how can REA be trusted to handle the many millions of dollars made available to it by Congress each year and process the more complex G. & T. loans amounting in some cases to $50 and $60 million? As a banker entrusted with the taxpayers' money, REA standards appear to be slipshod. This provides a good reason why Congress through the Appropriations Committee should start taking more control over the activities of this agency.

The secrecy surrounding REA generation and transmission loan applications has also evoked criticism of the House Committee on Agriculture. In its report accompanying the Food and Agriculture Act of 1962, the committee admonished the REA, as follows:

"Testimony revealed a growing concern over the failure of REA to disclose information on various phases of its operation. The public is entitled to know how public funds are being used, and the REA should approach the consideration of loans for generating facilities in a manner designed to provide as full public information as possible. * * * Certainly, interested parties should be notified and their views obtained before such

loans are approved. Secrecy tends to kindle doubt, whereas public knowledge of the reasons for and justification of loans would go far toward dispelling criticism which could bring the program into disrepute."

Last April, under pressure of increasing criticism from Members of Congress, congressional committees, as well as from the press and the public, REA issued an administrative bulletin on the release of information and availability of records relating to loan applications. REA supporters hailed this bulletin as a major departure from its previous policy of secrecy. A careful study of the bulletin failed to reveal any basic major policy change. In fact, rather than lowering the iron curtain of secrecy, the bulletin, with minor exceptions, merely implemented existing REA practices in writing.

Perhaps the most determining argument in support of tighter congressional control over REA through the Appropriations Committee is the secrecy which surrounds the program. Today, secrecy stands between REA and what should be effective congressional financial control. Once having received its annual appropriation from Congress, REA conducts its lending activities in complete secrecy—not only from the Congress, but from the public and other interested parties who may be directly affected by its activities.

QUESTION OF CRITERIA

Two of the criteria which REA uses in approving G. & T. loans are the cost of power and adequacy of service. To ascertain the necessary facts upon which to base a decision, REA needs the best possible alternative offer from existing suppliers, public or private, in the area of a proposed G. & T. system. Unless existing power suppliers know what they are bidding on—i.e., the future plans and needs of the borrower—they cannot adequately present their own case for providing additional facilities to serve borrowers' needs. If the best alternatives cannot be presented by existing suppliers because of their inability to obtain enough facts to prepare their offer, then REA may be guilty of making an unnecessary loan as it is not comparing the proposed generating loan with the best alternative.

This raises the entire question of how the Administrator can honestly and accurately comply with his own criteria to measure the need for a G. & T. loan unless adequate information is made available to existing suppliers so they can make their best offer based on up-to-date, accurate information on their customers' needs. How can the Administrator in all candor approve a G. & T. loan application and spend the taxpayers' money when he is comparing a G. & T. application with alternatives drafted without knowledge of all the facts?

This raises further questions as to why REA conducts its program in secrecy from Congress and the public, the answers to which are not too difficult. Once secrecy is removed from REA's operations, it would become obvious both to Congress and the public that REA's generation and transmission program is, for the most part, wholly unnecessary and, in many cases, uneconomic and unsound.

Our Nation today is served by a power system unmatched and unparalleled anywhere in the world. There is an abundance of power available to meet the country's present and future needs. The average cost of electricity to the electric consumer has been steadily decreasing over the years.

In view of these accomplished facts, there is little or no excuse for REA to spend tax money for financing separate power systems for its borrowers. This is an uneconomic approach from the standpoint of both the REA borrowers and the public and, therefore, contrary to the best interests of the people.

REA is now in its 27th year. As local distribution borrowers repay their 35-year loans to the Federal Government, REA loses the ied in its mortgage and loan contract with its borrowers. As long as a local borrower is in debt to the Federal Government, the REA control over their activities which is embod-Administrator maintains such rights as the veto power over a borrower's choice of manager and attorney, and the right to maintain an exclusive banker's position by refusing to permit the borrower to obtain expansion funds elsewhere. Once the Federal debt has been retired, however, the borrower is free to conduct his business independently as a cooperative should.

Thus, when REA approves a G. & T. loan for a group of distribution borrowers, these cooperatives become indebted to the Federal Government and come under the Federal Government's control for another 35 years. Once a group of cooperatives construct their own G. & T. system and take on a utility responsibility for their own power supply, normal load growth (a co-op doubles its load every 7 years) requires periodic expansion of facilities, thereby increasing the borrower's debt to REA. Thus, borrowers soon find themselves indebted to the Federal Government for an indefinite future. REA's strict contractual control over its borrowers makes this agency as much of a Federal power agency as TVA or the Interior Department.

CONGRESS CONTROLS ONLY FUNDS

This is another important reason why Congress should take greater control over the REA program. As an elected body, Congress represents the best interest of the people themselves, while REA, as a Federal bureaucracy, is primarily motivated by its own selfish interests—those of agency growth, prestige, and self-perpetuation of its existence.

Congress today has virtually no control over the REA program with the exception that it makes a lump sum appropriation available to this agency for loans each year. Under the Constitution, Congress is given responsibility to maintain control over the Government purse strings. When Congress authorizes expenditures for an executive agency without knowledge of how the money is to be used, Congress, in effect, is automatically transferring its responsibility to the executive branch of the Government.

There is no question that the REA Administrator, under the law, should and does have the authority to study, recommend, and approve REA loans, but this does not supersede Congress' authority to decide how Federal funds—including REA's—should be spent. The Bureau of Reclamation, for example, has blanket authority to construct projects which it finds financially feasible. Congress, however, will not permit the Bureau to spend money except on projects that it specifically approves each year in appropriation acts. Reclamation also gets lump sum appropriations, but how the money is to be used is specifically set forth by Congress in the reports of the Appropriations Committees.

A further reason that Congress, through the Appropriations Committees, should have the authority of approving the use of REA funds—at least for major G. & T. projects costing over a certain amount—is that the purpose of the REA program is no longer one of constructing distribution systems to provide electricity to farms and other rural customers in unserved areas. The major share of REA's money is now being loaned to put REA permanently and completely in the power business—by constructing generating plants and transmission systems to serve customers and areas that are already receiving central station electric service in adequate amounts at reasonable prices.

Because of this changed policy the REA power program is becoming the largest spender of all the Federal power programs financed by the taxpayers. In fiscal year 1963, REA estimates it will be spending more money for generation and transmission system ($260 to $275 million) than either the Corps of Engineers ($238.8 million) or the Bureau of Reclamation ($185.2 million) have requested for their multiple-purpose power programs.

For many years REA has been a sort of "sacred cow" in Congress. Each time legislation has been introduced which would, in any way, limit the powers of REA, those brave enough to introduce or support such legislation have been denounced by cooperative lobbyists as "antifarmer" and even "anti-American." But this is changing rapidly. Events during the latest session of Congress have indicated an increasing awareness and concern of Members over REA actions in recent months. An amendment which I introduced to the agriculture appropriations bill this year to limit the amount of funds to be loaned for generation and transmission facilities received bipartisan support even though it lost by a vote of 133–94. The fact that Members would actively oppose REA's present administration of this program and stand up and be counted is, to me, a real step toward finding a solution to this problem.

Prior to this vote, during consideration of the REA appropriations request before the House Appropriations Committee, I proposed an amendment that would require the Budget Bureau in presenting REA's program for fiscal year 1964 to itemize and justify in detail all G. & T. projects costing more than $5 million. This would have given the Appropriations Committee an opportunity to consider the REA construction program in the same way that it considers the power programs of the Bureau of Reclamation and the Corps of Engineers. The voting on this suggestion of mine, although defeated by a narrow margin of three votes in the House Appropriations Committee, indicated an increased willingness on the part of members to recognize the seriousness of the present trend in REA's policy.

A requirement of this nature would not deprive one single cooperative, or one single rural consumer, of electric power, nor would it create in any way a power shortage among cooperatives. It would not increase the cost of power to any cooperative. It would not in any manner reduce the amount of loan funds available to rural electric cooperatives. It would not impair the security of a single cooperative.

What such a requirement would do is to bring the REA program more closely into line with the intent and purpose of the Rural Electrification Act and to give Congress some semblance of control over this agency. In addition, the REA Administrator might be a little more careful of the manner in which he conducts some of his activities. Without any checks and balances, he has a clear field.

Presentation of this information to the Appropriations Committees of Congress would in no way infringe upon the authority of the Administrator to make loans. It would, however, give Congress the needed information to specifically approve appropriations for this agency. Congress has a right to this information and it has a responsibility to the taxpayers of assuring them that their elected Representatives still have control over Government spending. At present, insofar as REA is concerned, Congress has the responsibility, but not the control.

"Irresponsible bureaucracy can be made responsible most quickly through financial control. The legislature is the logical agency to exercise it."

A View From Capitol Hill—An Article on the Role of Junior Colleges by Representative Edith Green, of Oregon

EXTENSION OF REMARKS
OF
HON. JOHN BRADEMAS
OF INDIANA
IN THE HOUSE OF REPRESENTATIVES
Thursday, January 10, 1963

Mr. BRADEMAS. Mr. Speaker, I am pleased to include in the CONGRESSIONAL RECORD an excellent commentary on the implications of Federal legislation affecting junior colleges by our distinguished colleague and chairman of the Special Subcommittee on Education of the House Committee on Education and Labor, the Honorable EDITH GREEN, of Oregon.

The article entitled "A View From Capitol Hill," appears in the January 1963 issue of Junior College Journal, a publication of the American Association of Junior Colleges.

The article follows:

A VIEW FROM CAPITOL HILL

(By Representative EDITH GREEN, of Oregon)

It seems evident that junior colleges stand on the threshold of their greatest period of service to higher education in our country.

We know that last fall 4.1 million students enrolled in degree-credit courses in colleges and universities across the Nation, and that by 1970 this number will rise to 7 million. It is obvious that junior colleges must provide for an increasing share of the college population if these 3 million additional students are to obtain a higher education.

At the same time, our modern society demands an increasing number of semiprofessional technicians trained at a level below the baccalaureate degree. Here, too, it is obvious that junior colleges have the opportunity to supply the semiprofessional training so greatly in demand.

How can, or how will, the junior colleges meet these twin challenges? I know that there is considerable discussion of the major function of the junior college. Should it concentrate on the 2-year terminal student, or on the transfer student working toward a baccalaureate degree? I believe that there is room for—and certainly need for—both types of junior colleges, or both types of courses in the same institution, if it possesses the resources, in funds and in faculty, to provide them.

With the growing pressures upon junior colleges for a rapid expansion in two directions, I should like to inject a note of caution. It seems to me that the junior colleges can render the most valuable service to education by emphasizing quality in whichever courses they decide to provide.

The Members of Congress, I am sure, will want to be certain that Federal funds will in no way help to perpetuate mediocrity in either a 2-year or a 4-year institution.

The junior college would have little reason for existence if it could not offer education beyond the level of a good high school, since it then would be merely stretching out a secondary education. While growing in size, it cannot grow in stature without careful attention to the quality of its faculty and its curriculum.

In recent years, we have witnessed a greater public interest in junior colleges, and indeed in all higher education. This has been reflected in the number of bills introduced, and also in the increased amount of Federal support for higher education, especially in the sciences and particularly at the graduate level.

I think it inevitable that Federal assistance to higher education will increase in the future. I would hope that the new Congress can be convinced of the urgent need for financial assistance in constructing academic facilities and will enact legislation in 1963. It was encouraging to us in the last Congress that all major higher education organizations, including the American Association of Junior Colleges, united in support of the college academic facilities bill. As the new year begins, the need for additional college classrooms, laboratories, and libraries has not diminished.

I believe it is accurate to say that there is a particular interest among Members of Congress in junior colleges as the avenue for providing higher education at the least cost for our rapidly growing student population. If any higher education legislation is enacted—and I am optimistic that it will be—it most certainly will include junior colleges.

Junior colleges may look for further support through the National Defense Education Act. The National Defense Education Act has demonstrated its worth in improving both secondary and higher education in some areas. But the National Defense Education Act has gaps which should be closed, and I would hope that the Congress would be receptive to changes in this act in 1963.

As mentioned earlier, the demands of the space age require an increasing level of education. This means not only more education for large numbers of our young people—and older, too—but a higher degree of education in our complex professions.

The Federal Government has provided support—often quite generous—for advanced graduate work, mainly in the scientific fields. It seems to me that the national interest requires that more support be given to higher education at the undergraduate level in all fields—if we are to maintain our educational advance. The process may be gradual, but I think it is inevitable.

HOUSE OF REPRESENTATIVES

MONDAY, JANUARY 14, 1963

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

I Corinthians 4: 2: *It is required of stewards that they be found faithful.*

O Thou God of all grace and goodness, at this noon hour, we are again entering the sacred retreat of prayer, earnestly beseeching Thee that our minds and hearts may be the sanctuaries of Thy light and truth.

Grant that in these early days of the New Year we may be delivered from all feelings of fear and foreboding and be strengthened to go forth faithfully on the path of duty, trusting in the Lord.

Show us how we may implement with wisdom and understanding those lofty principles of democracy which the founders of our Republic cherished and clung to with ever-increasing tenacity of confidence and courage.

We pray that Thou wilt manifest Thy special favor unto our President, our Speaker, and the Members of Congress, inspiring them to make great adventures of faith and fidelity as they encounter the heavy responsibilities of their high vocation.

In Christ's name we offer our prayer. Amen.

THE JOURNAL

The Journal of the proceedings of Thursday, January 10, 1963, was read and approved.

RECESS

The SPEAKER. The Chair declares the House in recess at this time subject to the call of the Chair.

Accordingly (at 12 o'clock and 2 minutes p.m.) the House stood in recess subject to the call of the Chair.

AFTER RECESS

The recess having expired, the House was called to order by the Speaker at 12 o'clock and 19 minutes p.m.

JOINT SESSION OF THE HOUSE AND SENATE HELD PURSUANT TO THE PROVISIONS OF HOUSE CONCURRENT RESOLUTION 1 TO HEAR AN ADDRESS BY THE PRESIDENT OF THE UNITED STATES

The SPEAKER of the House presided.

The Doorkeeper announced the Vice President and Members of the U.S. Senate who entered the Hall of the House of Representatives, the Vice President taking the chair at the right of the Speaker, and the Members of the Senate the seats reserved for them.

The SPEAKER. On the part of the House the Chair appoints as members of the committee to escort the President of the United States into Chamber: the gentleman from Oklahoma [Mr. ALBERT], the gentleman from Louisiana [Mr. BOGGS], the gentleman from Pennsylvania [Mr. WALTER], the gentleman from Indiana [Mr. HALLECK], and the gentleman from Wisconsin [Mr. BYRNES].

The VICE PRESIDENT. On the part of the Senate the Chair appoints as members of the committee of escort the Senator from Montana [Mr. MANSFIELD], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Florida [Mr. SMATHERS], the Senator from Illinois [Mr. DIRKSEN], the Senator from California [Mr. KUCHEL], and the Senator from Iowa [Mr. HICKENLOOPER].

The Doorkeeper announced the ambassadors, ministers, and chargés d'affaires of foreign governments.

The ambassadors, ministers, and chargés d'affaires of foreign governments entered the Hall of the House of Representatives and took the seats reserved for them.

The Doorkeeper announced the Chief Justice of the United States and the Associate Justices of the Supreme Court.

The Chief Justice of the United States and the Associate Justices of the Supreme Court entered the Hall of the House of Representatives and took the